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# GOVERNMENT GAZETTE

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### SUPPLEMENT

(SUPLEMENTO)

GOVERNMENT OF GOA, DAMAN AND DIU

Secretariat

General Administration Department

Notification

GAD/A/74/64/43743/25440

The Finance Act 1964 (Act No. V 1964) and the Companies (Profits Surtax Act, 1964 (Act No. VII/1964) are hereby republished for general information.

K. B. Lall, Under Secretary, GAD.

Panjim, 19th September, 1964.

#### THE FINANCE ACT, 1964

AN

ACT

*to give effect to the financial proposals of the Central Government  
for the financial year 1964-65*

Be it enacted by Parliament in the Fifteenth Year of the Republic of India as follows: —

- (1) This Act may be called the Finance Act, 1964.
- (2) Save as otherwise provided in this Act, sections 3 to 55 shall be deemed to have come into force on the 1st day of April, 1964.
- (1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the assessment year commencing on the 1st day of April, 1964, —

Short title and commencement.

Income-tax and super-tax.

(a) income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and E of that Part apply, shall be increased by a surcharge for purposes of the Union calculated in either case in the manner provided therein;

(b) super-tax shall, for the purposes of section 95 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union calculated in the manner provided therein. 43 of 1961.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1964,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries", the income-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1963, on his total income the same proportion as the amount of such inclusion bears to his total income; 13 of 1963.

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (1) of section 192 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Finance Act, 1963, on his total income the same proportion as the amount of such inclusion bears to his total income. 13 of 1963.

(3) In making any assessment for the assessment year commencing on the 1st day of April, 1964, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the super-tax payable by it shall be the aggregate of the tax calculated— 31 of 1956.

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable to the Life Insurance Corporation of India in accordance with Paragraph E of Part II of the First Schedule; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(4) In cases to which Chapter XII of the Income-tax Act applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be.

(5) (a) In respect of any assessment for the assessment year commencing on the 1st day of April, 1964—

(i) an assessee being an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India or an assessee (other than a company) whose total income includes any profits and gains derived from the export of any goods or merchandise out of India, shall be entitled to a deduction, from the amount of income-tax and super-tax with which he is chargeable, of an amount equal to the income-tax and super-tax calculated respectively at one-tenth of the average rate of income-tax and of the average rate of super-tax on the amount of such profits and gains included in the total income;

(ii) where an assessee of the type referred to in sub-clause (i) engaged in the manufacture of any articles in an industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 has exported after the 28th day of February, 1963, such articles out of India, he shall be entitled, in addition to the deduction of tax referred to in sub-clause (i), to a further deduction, from the amount of tax with which he is chargeable for the assessment year, of an amount equal to the income-tax and super-tax calculated respectively at the average rate of income-tax and the average rate of super-tax on an amount equal to two per cent. of the sale proceeds receivable by him in respect of such export; 65 of 1951.

(iii) where an assessee of the type referred to in sub-clause (i) engaged in the manufacture of any articles in an industry specified in the said First Schedule has sold after the 28th day of February, 1963, such articles to any other person in India who himself has exported them out of India and evidence is produced before the Income-tax Officer of such articles having been so exported, the assessee shall be entitled to a deduction from the amount of income-tax and super-tax with which he is chargeable for the assessment year of an amount equal to the income-tax and super-tax calculated respectively at the average rate of income-tax and the average rate of super-tax on a sum equal to two per cent. of the sale proceeds receivable by him in respect of such articles from the exporter.

(b) The total of the deductions under this sub-section shall in no case exceed the amount of income-tax and super-tax otherwise payable by the assessee.

(c) Nothing contained in sub-clause (ii) and sub-clause (iii) of clause (a) shall apply,—

(i) in relation to—

- (1) fuels,
- (2) fertilisers,
- (3) photographic raw film and paper;
- (4) textiles (including those dyed, printed or otherwise processed) made wholly or in part of jute, including jute twine and rope,
- (5) newsprint,
- (6) pulp—wood pulp, mechanical, chemical, including dissolving pulp,
- (7) sugar,
- (8) vegetable oils and vanaspathi,
- (9) cement and gypsum products,
- (10) arms and ammunition, and
- (11) cigarettes,

respectively specified in items 2, 18, 20, 23(2), 24(2), 24(5), 25, 28, 35, 37 and 38 of the First Schedule to the Industries (Development and Regulation) Act, 1951; or

(ii) in relation to textiles specified in items 23(1), 23(3), 23(4) and 23(5) of that Schedule where such textiles have been exported before the 1st day of March, 1964.

(d) The amount of any profits and gains derived from the export of any goods or merchandise out of India in respect of which deduction of income-tax and super-tax is admissible under sub-clause (i) of clause (a) shall be computed in accordance with the rules made by the Central Board of Direct Taxes in this behalf.

(6) In cases in which tax has to be deducted under sub-section (2) of section 192 and sections 193 to 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part III of the First Schedule.

(7) For the purposes of this section, and of the rates of tax imposed thereby, and of section 3—

(i) the expressions “assessment year”, “average rate of income-tax”, “average rate of super-tax”, “partner”, “tax” and “total income” have, unless the context otherwise requires, the meanings respectively assigned to them under clauses (9), (10), (11), (23), (43) and (45) of section 2 of the Income-tax Act;

(ii) the expression “earned income” has the same meaning as in section 2 of the Finance (No. 2) Act, 1962.

3. (1) Save as otherwise provided in Chapter XXIIA of the Income-tax Act, annuity deposit for the assessment year commencing on the 1st day of April, 1964 shall be made by every person to whom the provisions of that Chapter apply at the rates specified in the Second Schedule.

Annuity deposit.

(2) For the purposes of this section and the Second Schedule, the expressions “adjusted total income”, “annuity deposit” and “deposit” have the meanings respectively assigned to them under clauses (1), (5) and (6) of section 280B of the Income-tax Act.

Amendment of  
section 2.

4. In section 2 of the Income-tax Act,—

(a) in clause (18),—

(i) for sub-clause (a), the following sub-clause shall be substituted, namely:—

“(a) if it is a company owned by the Government or the Reserve Bank of India or in which not less than forty per cent. of the shares are held (whether singly or taken together) by the Government or the Reserve Bank of India or a corporation owned by that bank; or”;

(ii) in *Explanation 2*, for the words, brackets and figures “any such company as is referred to in sub-clause (2) of clause (iii) of section 109”, the words “an Indian company whose business consists wholly in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power” shall be substituted;

(b) after clause (22), the following clause shall be inserted, namely:—

“(22A) “fair market value”, in relation to a capital asset, means—

(i) the price that the capital asset would ordinarily fetch on sale in the open market on the relevant date; and

(ii) where the price referred to in sub-clause (i) is not ascertainable, such price as may be determined in accordance with the rules made under this Act;”;

(c) in clause (24) —

(i) after sub-clause (v), the following sub-clause shall be inserted, namely: —

“(va) the value of any benefit or perquisite taxable under clause (iv) of section 28;”;

(ii) after sub-clause (vii), the following sub-clause shall be inserted, namely: —

“(viii) any annuity due, or commuted value of any annuity paid, under the provisions of section 280D;”.

Amendment of  
section 9.

5. In section 9 of the Income-tax Act, in the *Explanation* to clause (i) of sub-section (1), the proviso to clause (b) shall be omitted.

Amendment of  
section 10.

6. In section 10 of the Income-tax Act, —

(i) in clause (4), after the words “in the case of a nonresident,”, the following words shall be inserted, namely: —

“any income from interest on such securities as the Central Government may, by notification in the Official Gazette, specify in this behalf, or”;

(ii) In clause (6), —

(a) in sub-clause (vii) (a), for the words “was approved by the Central Government before the commencement of his service”, the words “is approved by the Central Government before the commencement of his service or within one year of such commencement” shall be substituted;

(b) after sub-clause (viii), the following sub-clauses shall be inserted, namely: —

“(ix) any income chargeable under the head “Salaries” received by or due to him during the thirty-six months commencing from the date of his arrival in India for service rendered as a professor or other teacher in a University or other educational institution, and where any such individual continues to remain in employment in India after the expiry of the thirty-six months aforesaid and the tax on his income chargeable under the head “Salaries” is paid by the University or other educational institution concerned to the Central Government, the tax so paid for a period not exceeding twenty four months following the expiry of the thirty-six months

aforesaid, provided in either case the following conditions are fulfilled, namely: —

(i) such individual was not resident in any of the four financial years immediately preceding the financial year in which he arrived in India; and

(ii) his contract of service is approved by the Central Government —

(a) on or before the 1st day of October, 1964, in the case of a professor or other teacher whose service commenced before the 1st day of April, 1964;

(b) before the commencement of his service or within one year of such commencement, in any other case;

(x) any sum due to or received by him, during the twenty-four months commencing from the date of his arrival in India, for undertaking any research work in India, provided the following conditions are fulfilled, namely: —

(a) the research work is undertaken in connection with a research scheme approved in this behalf by the Central Government on or before the 1st day of October of the relevant assessment year; and

(b) such sum is payable or paid directly or indirectly by the Government of a foreign State or any institution or association or other body established outside India;”;

(iii) in sub-clause (iv) (c) of clause (15), for the words beginning with “in any case” and ending with “its repayment”, the following shall be substituted, namely: —

“to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or debt and its repayment”;

(iv) after clause (26), the following clause shall be inserted, namely: —

“(27) any income derived from a business of livestock breeding, or poultry or dairy farming, which is assessable for the assessment year commencing on the 1st day of April, 1965, 1966 or 1967.”.

7. In section 28 of the Income-tax Act, after clause (iii) and before *Explanation 1*, the following clause shall be inserted, namely: —

Amendment of section 28.

“(iv) the value of any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession.”.

8. In section 33 of the Income-tax Act, —

Amendment of section 33.

(i) after sub-section (1), the following sub-section shall be inserted, namely: —

“(1A) (a) An assessee who, after the 31st day of March, 1964, acquires any ship which before the date of acquisition by him was used by any other person shall, subject to the provisions of section 34, also be allowed as a deduction a sum by way of development rebate at such rate or rates as may be prescribed, provided that the following conditions are fulfilled, namely: —

(i) such ship was not previous to the date of such acquisition owned at any time by any person resident in India;

(ii) such ship is wholly used for the purposes of the business carried on by the assessee; and

(iii) such other conditions as may be prescribed.

(b) An assessee who installs any machinery or plant (other than office appliances or road transport vehicles) which before such installation by the assessee was used outside India by any other person shall, subject to the provisions of section 34, also be allowed as a deduction a sum by way of development rebate at such rate or rates as may be prescribed, provided that the following conditions are fulfilled, namely: —

(i) such machinery or plant was not used in India at any time previous to the date of such installation by the assessee;

(ii) it is imported in India by the assessee from any country outside India;

(iii) no deduction on account of depreciation or development rebate in respect of such machinery or plant has been allowed or is allowable under the provisions of the Indian Income-tax Act, 1922 or this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee;

11 of 1922.

(iv) such machinery or plant is wholly used for the purposes of the business carried on by the assessee; and

(v) such other conditions as may be prescribed.

(c) The development rebate under this sub-section shall be allowed as a deduction in respect of the previous year in which the ship was acquired or the machinery or plant was installed or, if the ship, machinery or plant is first put to use in the immediately succeeding previous year, then, in respect of that previous year.”;

(ii) for the words, brackets and figure “under sub-section (1)” wherever they occur, the words, brackets, figures and letter “under sub-section (1) or sub-section (1A)” shall be substituted;

(iii) in sub-section (2), for the words “at the rate applicable thereto under that sub-section”, the words, brackets, figures and letter “at the rate applicable thereto under sub-section (1) or sub-section (1A), as the case may be” shall be substituted;

(iv) in clause (b) of sub-section (3), for the words and figures “section 33 and section 34”, the words and figures “this section and section 34” shall be substituted;

(v) after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) The Central Government, if it considers necessary or expedient so to do, may, by notification in the Official Gazette, direct that the deduction allowable under this section shall not be allowed in respect of a ship acquired or machinery or plant installed after such date, not being earlier than three years from the date of such notification, as may be specified therein.”.

Amendment of  
section 37.

9. In section 37 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) Notwithstanding anything contained in sub-section (1), any expenditure incurred by an assessee after the 31st day of March, 1964 on advertisement or on maintenance of any residential accommodation including any accommodation in the nature of a guest house or in connection with travelling by an employee or any other person (including hotel expenses or allowances paid in connection with such travelling) shall be allowed only to the extent, and subject to such conditions, if any, as may be prescribed”.

Amendment of  
section 40.

10. In section 40 of the Income-tax Act, clause (c),—

(1) for sub-clause (iii), the following sub-clause shall be substituted, namely:—

“(iii) any expenditure incurred after the 29th day of February, 1964 which results directly or indirectly in the provision of any benefit or amenity or perquisite, whether convertible into money or not, to an employee (including any sum paid by the company in respect of any obligation which but for such payment would have been payable by such employee), to the extent such expenditure exceeds one-fifth of the amount of salary payable to the employee for any period of his employment after the aforesaid date:

Provided that in computing the aforesaid expenditure any payment by way of gratuity or the value of any travel concession or assistance referred to in clause (5) of section 10 or passage moneys or the value of any free or concessional passage referred in sub-clause (i) of clause (6) of that section or any sum referred to in clause (vii) of sub-section (1) of section 17 or in clause (v) of sub-section (2) of that section or the amount of any compensation referred to in clause (i) or any

payment referred to in clause (ii) of sub-section (3) of that section or any payment referred to in clause (iv) or clause (v) of sub-section (1) of section 36 shall not be taken into account”;

(2) the existing *Explanation* shall be re-numbered as *Explanation 1* and after *Explanation 1* as so re-numbered, the following *Explanation* shall be inserted, namely:—

‘*Explanation 2.*—In sub-clause (iii), the word “salary” shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule’.

11. In Chapter IV-D of the Income-tax Act, after section 44, the following section shall be inserted, namely:—

Insertion of new section 44A.

‘44A. (1) Notwithstanding anything to the contrary contained in this Act, where the amount received during a previous year by any trade, professional or similar association from its members, whether by way of subscription or otherwise (not being remuneration received for rendering any specific services to such members) falls short of the expenditure incurred by such association during that previous year (not being expenditure deductible in computing the income under any other provision of this Act and not being in the nature of capital expenditure) solely for the purposes of protection or advancement of the common interests of its members, the amount so fallen short (hereinafter referred to as deficiency) shall, subject to the provisions of this section, be allowed as a deduction in computing the income of the association assessable for the relevant assessment year under the head “Profits and gains of business or profession” and if there is no income assessable under that head or the deficiency allowable exceeds such income, the whole or the balance of the deficiency, as the case may be, shall be allowed as a deduction in computing the income of the association assessable for the relevant assessment year under any other head.

Special provision for deduction in the case of trade, professional or similar association.

(2) In computing the income of the association for the relevant assessment year under sub-section (1), effect shall first be given to any other provision of this Act under which any allowance or loss in respect of any earlier assessment year is carried forward and set off against the income for the relevant assessment year.

(3) The amount of deficiency to be allowed as a deduction under this section shall in no case exceed one-half of the total income of the association as computed before making any allowance under this section.

(4) This section applies only to that trade, professional or similar association the income of which or any part thereof is not distributed to its members except as grants to any association or institution affiliated to it’.

12. In the Income-tax Act, section 45 shall be re-numbered as sub-section (1) thereof and after sub-section (1) as so re-numbered, the following sub-sections shall be inserted, namely:—

Amendment of section 45.

‘(2) Notwithstanding anything contained in sub-section (1), every equity shareholder to whom any shares are allotted by the company by way of bonus shall, unless such shares are issued wholly out of the share premium account, be chargeable to income-tax under the head “Capital gains” in respect of such shares on an amount equal to the fair market value of such shares on the date next following the expiry of the period of thirty days from the date of such allotment and such amount shall be deemed to be the income of the previous year in which the date next following the aforesaid period of thirty days falls:

Provided that income-tax shall not be chargeable under this sub-section if such shares are included in the stock-in-trade of the assessee or if such shares were allotted before the 1st day of April, 1964:

Provided further that nothing contained in section 48 shall apply to the income chargeable under the head “Capital gains” under this sub-section.

*Explanation.* — For the removal of doubts, it is hereby declared that income chargeable under the head “Capital gains” under this sub-section shall, for the purposes of this Act, be treated as capital gains relating to capital assets other than short-term capital assets.

(3) Where any shares in respect of which an assessee is chargeable to income-tax under the head “Capital gains” under sub-section (2) are transferred by him before the expiry of the period of thirty days referred to in that sub-section, any profits or gains arising from such transfer shall not be included in his total income.

(4) Save as otherwise provided in sub-section (3), nothing contained in sub-section (2) shall be deemed to preclude the inclusion of any profits and gains arising from the transfer of any shares referred to in that sub-section in the total income of the assessee for any previous year in which such shares are transferred by him’.

Amendment of  
section 52.

13. In the Income-tax Act, section 52 shall be re-numbered as sub-section (1) thereof and after sub-section (1) as so re-numbered, the following sub-section shall be inserted, namely: —

“(2) Without prejudice to the provisions of sub-section (1), if in the opinion of the Income-tax Officer the fair market value of a capital asset transferred by an assessee as on the date of the transfer exceeds the full value of the consideration declared by the assessee in respect of the transfer of such capital asset by an amount of not less than fifteen per cent. of the value so declared, the full value of the consideration for such capital asset shall, with the previous approval of the Inspecting Assistant Commissioner, be taken to be its fair market value on the date of its transfer”.

Amendment of  
section 55.

14. In section 55 of the Income-tax Act, in sub-section (2), after clause (iii), the following clauses shall be inserted, namely: —

‘(iv) where the capital asset, being a share of a company, was allotted to the assessee by way of bonus and the assessee is chargeable to income-tax under the head “Capital gains” in respect of such share under sub-section (2) of section 45 and such asset is transferred after the expiry of thirty days referred to in that sub-section, means the fair market value of the asset on the date next following the expiry of the said thirty days;

(v) where the capital asset, being a share or a stock of a company, became the property of the assessee on —

(a) the consolidation and division of all or any of the share capital of the company into shares of larger amount than its existing shares,

(b) the conversion of any shares of the company into stock,

(c) the reconversion of any stock of the company into shares,

(d) the sub-division of any of the shares of the company into shares of smaller amount, or

(e) the conversion of one kind of shares of the company into another kind,

means the cost of acquisition of the asset calculated with reference to the cost of acquisition of the shares or stock from which such asset is derived’.

Amendment of  
section 66.

15. In section 66 of the Income-tax Act, for the words and figures “sections 87 and 88”, the words, figures and letter “sections 87, 87A and 88” shall be substituted.

Insertion of new  
section 69A.

16. After section 69 of the Income-tax Act, the following section shall be inserted, namely: —

Unexplained  
money, etc.

“69A. Where in any financial year the assessee is found to be the owner of any money, bullion, jewellery or other valuable article and such money, bullion, jewellery or valuable article, is not recorded in the books of account, if any, maintained by him for any source of income, and the assessee offers no explanation about



the nature and source of acquisition of the money, bullion, jewellery or other valuable article, or the explanation offered by him is not, in the opinion of the Income-tax Officer, satisfactory, the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year".

17. In section 86 of the Income-tax Act, in clause (iii), for the words "income-tax has already been paid by the firm", the words "income-tax is payable by the firm" shall be substituted. Amendment of section 86.

18. In section 87 of the Income-tax Act, — Amendment of section 87.

(i) in sub-section (3), —

(a) to clause (i), the following proviso shall be added, namely: —

"Provided that such individual has effected an insurance referred to in sub-clause (i) of clause (a) of sub-section (1) prior to the first day of March, 1964 and has paid any sum in the previous year to keep in force such insurance";

(b) in clause (ii), after the words "any other individual", the brackets, words and figure "[including an author, playwright, artist, musician or actor to whom the provisions of clause (i) do not apply]" shall be inserted;

(ii) after sub-section (3), the following sub-section shall be inserted, namely: —

"(4) The amount of income-tax deductible under this section, together with the amount of super-tax deductible under section 99A, shall not in any case exceed half the aggregate of the sums in respect of which the deduction is allowed under this section".

19. After section 87 of the Income-tax Act, the following section shall be inserted, namely: — Insertion of new section 87A.

"87A. Where an individual, being a resident, who is not a citizen of India has expended any sum in the previous year out of his income chargeable to tax for the full-time education of his child wholly or mainly dependent on him and who is not more than twenty-one years of age at any University, college, school or other educational institution situate in a country outside India, he shall be entitled to a deduction, from the amount of income-tax on his total income with which he is chargeable for any assessment year, of an amount equal to the income-tax calculated at the average rate of income-tax on a sum —

Rebate on educational expenses in certain cases.

(i) which, in the case of an individual who has one such child, shall not exceed two thousand rupees or twenty-five per cent. of his total income, whichever is less; and

(ii) which, in the case of an individual who has more than one such child, shall not exceed four thousand rupees or twenty-five per cent. of his total income, whichever is less".

20. In section 91 of the Income-tax Act, in clause (ii) of the *Explanation*, for the words "any relief due under this section", the words "any relief due under this Chapter" shall be substituted. Amendment of section 91.

21. In section 99 of the Income-tax Act, in sub-section (1), — Amendment of section 99.

(i) in clause (i), for the words "super-tax has already been paid by the firm", the words "super-tax is payable by the firm" shall be substituted;

(ii) for clause (iv), the following clause shall be substituted, namely: —

"(iv) if the assessee is a company, any dividend received by it from an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India".

Insertion of new sections 99A and 99B.

Rebate on life insurance premia, annuities and contributions to provident funds, etc.

Rebate of super-tax in certain cases.

Amendment of section 104.

22. In Chapter XI-C of the Income-tax Act, before section 100, the following sections shall be inserted, namely:—

“99A. Where under the provisions of section 87, an assessee is entitled to a deduction of income-tax in respect of any sum referred to in sub-section (1) of that section, he shall also be entitled, subject to the provisions of sub-section (4) of that section, to a deduction, from the amount of super-tax with which he is chargeable on his total income, of an amount equal to the super-tax calculated at the average rate of super-tax on such sum.

99B. Where under the provisions of section 87A, an individual, being a resident, who is not a citizen of India is entitled to a deduction of income-tax in respect of any sum referred to in that section, he shall also be entitled to a deduction, from the amount of super-tax with which he is chargeable on his total income, of an amount equal to the super-tax calculated at the average rate of super-tax on such sum”.

23. In section 104 of the Income-tax Act, —

(i) in sub-section (1), for the words, brackets and figures “sub-section (2) and of sections 105, 106 and 107”, the words, figures and letter “this section and of sections 105, 106, 107 and 107A” shall be substituted;

(ii) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(3) If the Central Government is of opinion that it is necessary or expedient in the public interest so to do, it may, by notification in the Official Gazette and subject to such conditions as may be specified therein, exempt any class of companies to which the provisions of this section apply from the operation of this section.

(4) Without prejudice to the provisions of section 108, nothing contained in this section shall apply to —

(a) an Indian company whose business consists wholly or mainly in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power;

(b) an Indian company, the value of whose capital assets, being machinery or plant (other than office appliances or road transport vehicles), as shown in its books on the last date of the relevant previous year is fifty lakhs of rupees or more.

*Explanation.* — For the purposes of clause (a) of this sub-section, the business of a company shall be deemed to consist mainly in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, if the income attributable to any of the aforesaid activities included in its total income for the relevant previous year is not less than fifty-one per cent. of such total income”.

Amendment of section 106.

24. To section 106 of the Income-tax Act, the following proviso shall be added, namely:—

“Provided that the period of limitation prescribed by this section shall not apply in a case where the company has made an application to the Board under section 107”.

Amendment of section 107.

25. In section 107 of the Income-tax Act, for the words “No order shall be made”, the words brackets, figures and letter “Except in cases where a decision is given by the Board under sub-section (4) of section 107A, no order shall be made” shall be substituted.

Insertion of new section 107A.

26. After section 107 of the Income-tax Act, the following section shall be inserted, namely:—

Reduction of minimum distribution in certain cases.

“107A. (1) If any company to which the provisions of section 104 apply (not being an investment company) considers that, having regard to the current requirements for the development of its business, it would not be possible or advisable for it to declare or pay

a dividend of an amount larger than that already declared or paid or proposed to be declared or paid by it, it may make an application to the Board for reduction of the amount of the minimum distribution required under this Chapter.

(2) Every application under sub-section (1) shall be in the prescribed form and shall be verified in the prescribed manner and shall be made within the period of twelve months referred to in sub-section (1) of section 104 or, where the Income-tax Officer has served on the company a notice under sub-section (1) of section 105 of his intention to make an order under section 104, within thirty days of the receipt of such notice.

(3) Every application under sub-section (1) shall be accompanied by a fee of one hundred rupees.

(4) If the Board is satisfied that a distribution equal to the statutory percentage of the distributable income of the company concerned would be unreasonable, it may reduce the amount of minimum distribution required of the company under this Chapter by such amount, not exceeding twenty per cent. of the statutory percentage of its distributable income, as it may consider fit and further determine the period within which such distribution shall be made.

(5) The Board shall not reject an application made under sub-section (1) without giving the company concerned an opportunity of being heard and its decision shall be final as respects matters concluded by it.

(6) Where an application is made by the company after receipt of a notice from the Income-tax Officer under sub-section (1) of section 105 and a further distribution is made in accordance with the decision thereon of the Board, such further distribution shall not be taken into account in deciding whether the provisions of section 104 apply in respect of the previous year in which the further distribution is made.

(7) Where an application is made by a company under this section, the Income-tax Officer shall not make any order under section 104 until the decision is given by the Board on that application:

Provided that where a company is required to make a distribution or further distribution of its profits and gains in accordance with the decision of the Board and fails to make such distribution or further distribution within the period determined thereunder, the Income-tax Officer shall make an order under section 104 as if no reduction of the amount of minimum distribution had been made by the Board under this section.

(8) If the Central Government is of opinion that it is necessary or expedient in the public interest so to do, it may, by notification in the Official Gazette, declare that the provisions of this section shall not apply to any class of companies or in regard to the whole or any part of the profits and gains of any class of companies.

(9) Notwithstanding anything contained in section 246, no appeal shall lie to the Appellate Assistant Commissioner against an order of the Income-tax Officer under section 104 in a case where a decision has been given by the Board.

(10) The Board may, by notification in the Official Gazette, direct that, subject to such conditions, if any, as may be specified in the notification, the powers exercisable by it under this section shall also be exercisable by any Commissioner in respect of such companies or classes of companies as may be specified therein and thereupon in respect of such companies or classes of companies the provisions of this section and sections 106 and 107 shall have effect as if references in the said sections to the Board were references to such Commissioner."

27. In section 109 of the Income-tax Act, —

(a) for the words and figures "For the purposes of sections 104 and 105", the words, figures and letter "For the purposes of sections 104, 105 and 107A" shall be substituted;

Amendment of  
section 109.

(b) in clause (iii) —

(i) sub-clause (2) shall be omitted;

(ii) in sub-clause (3), for the words “in any of the activities specified in the preceding clause”, the words “in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power” shall be substituted.

Amendment of  
section 114.

28. In section 114 of the Income-tax Act, in clause (b), for sub-clause (ii), the following sub-clause shall be substituted, namely: —

“(ii) the amount of income-tax and super-tax calculated on such part of the net capital gains, if any, relating to capital assets other than short-term capital assets, as exceeds the sum of five thousand rupees —

(1) in the case of capital gains relating to buildings or lands, or any rights in buildings or lands, at three-fourths of the average rate of income-tax and three-fourths of the average rate of super-tax respectively, and

(2) in any other case, at one-half of the average rate of income-tax and one-half of the average rate of super-tax respectively,

average rate of income-tax and average rate of super-tax being computed for the purpose of this sub-clause in the same manner as for the purpose of sub-clause (i) of this clause:

Provided that where the amount payable under sub-clause (ii) of clause (b) is less than the amount equal to fifteen per cent. of the net capital gains in respect of which tax is payable under that sub-clause, then the amount payable thereunder shall be fifteen per cent. of such net capital gains:

Provided further that where the total income does not exceed the sum of ten thousand rupees, the amount payable under the said sub-clause shall be nil;

*plus”.*

Amendment of  
section 115.

29. In section 115 of the Income-tax Act,—

(i) for clause (a), the following clause shall be substituted, namely: —

“(a) the amount of income-tax equal to the aggregate of —

(1) the amount of income-tax calculated at the rate of twelve and a half per cent. on the amount of capital gains, if any, chargeable under sub-section (2) of section 45; and

(2) the amount of income-tax with which it would have been chargeable had its total income been reduced by the amount of capital gains referred to in sub-clause (1);”;

(ii) for clause (b), the following clause shall be substituted, namely: —

“(b) the amount of super-tax equal to the aggregate of —

(1) the amount of super-tax calculated on the amount of capital gains relating to capital assets other than short-term capital assets included in its total income —

(i) at the rate of fifteen per cent. on so much of the amount of such capital gains as relate to buildings or lands or any rights in buildings or lands; and

(ii) at the rate of five per cent. on the balance of such capital gains, if any [excluding capital gains, if any, referred to in sub-clause (1) of clause (a)]; and

(2) the amount of super-tax with which it would have been chargeable had its total income been reduced by the amount of capital gains relating to capital assets other than short-term capital assets included in its total income.”.

30. For section 132 of the Income-tax Act, the following section shall be substituted, namely:—

Substitution of new section for section 132.

"132. (1) Where the Commissioner, in consequence of information in his possession, has reason to believe that—

Powers of search and seizure.

11 of 1922.

(a) any person to whom a summons under sub-section (1) of section 37 of the Indian Income-tax Act, 1922 or under sub-section (1) 131 of this Act, or a notice under sub-section (4) of section 22 of the Indian Income-tax Act, 1922 or under sub-section (1) of section 142 of this Act was issued to produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such summons or notice, or

11 of 1922.

(b) any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced any books of account or other documents which will be useful for, or relevant to, any proceeding under the Indian Income-tax Act, 1922 or under this Act, or

11 of 1922.

(c) any person is in possession of any articles or things including money wholly disproportionate to his known sources of income, particulars of which will be useful for, or relevant to, any proceeding under the Indian Income-tax Act, 1922 or this Act,

he may authorise any Inspecting Assistant Commissioner or any Income-tax Officer to enter and search any building or place where he has reason to suspect that such books of account, other documents, articles or things including money are kept and if as a result of the search such books of account, other documents, articles or things including money are found, the Inspecting Assistant Commissioner or the Income-tax Officer, as

the case may be, may—

(i) seize any such books of account or other documents;

(ii) place marks of identification on any such books of account or other documents or make or cause to be made extracts or copies therefrom;

(iii) make a note or an inventory of any articles or things including money found which, in his opinion, will be useful for, or relevant to, any proceeding under the Indian Income-tax Act, 1922, or this Act.

(2) The books of account or other documents seized under sub-section (1) shall not be retained by the Inspecting Assistant Commissioner or the Income-tax Officer for a period exceeding one hundred and eighty days from the date of seizure unless the reasons for retaining the same are recorded by him in writing and the approval of the Commissioner for such retention is obtained;

11 of 1922.

Provided that the Commissioner shall not authorise the retention of the books of account and other documents for a period exceeding thirty days after all the proceedings under the Indian Income-tax Act, 1922, or this Act in respect of the years for which the books of account or other documents are relevant are completed.

(3) The person from whose custody any books of account or other documents are seized under sub-section (1) may make copies thereof, or take extracts therefrom, in the presence of the Income-tax Officer or any other person authorised by him, at such place and time as the Income-tax Officer may appoint in this behalf.

(4) If a person legally entitled to the books of account or other documents seized under sub-section (1) objects for any reason to the approval given by the Commissioner under sub-section (2), he may make an application to the Board stating therein the reasons for such objection and requesting for the return of the books of account or other documents.

(5) On receipt of the application under sub-section (4) the Board may, after giving the applicant an opportunity of being heard, pass such orders as it thinks fit.

(6) The provisions of the Code of Criminal Procedure, 1898 relating to searches shall apply, so far as may be, to searches under sub-section (1) of this section. 5 of 1898.

(7) The Board may make rules in relation to searches under this section."

Insertion of new section 133A.

31. After section 133 of the Income-tax Act, the following section shall be inserted, namely:—

Power of survey.

"133A. (1) Notwithstanding anything in any other provision, an Income-tax Officer or any Inspector of Income-tax authorised by him in this behalf may enter—

(a) any place within the limits of the area assigned to him, or

(b) any place occupied by any person in respect of whom the Income-tax Officer exercises jurisdiction,

at which a business or profession is carried on, whether such place be the principal place or not of such business or profession, and require any proprietor, employee or any other person who may at that time and place be attending in any manner to, or helping in the carrying on of, such business or profession to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place, and on the inspections of such accounts or documents he may, if he so deems necessary, place marks of identification thereon or cause to be made extracts therefrom:

Provided that the Income-tax Officer or such Inspector of Income-tax may enter any place referred to in this section only during such hours as the place is open for the conduct of the business or profession:

Provided further that while acting under this section the Income-tax Officer or such Inspector or Income-tax shall not remove or cause to be removed from the place which he has entered any books of account or other documents.

(2) If a person who under sub-section (1) is required to afford facility to the Income-tax Officer or the Inspector of Income-tax to inspect books of account or other documents either refuses or evades to do so, the Income-tax Officer shall have all the powers under sub-sections (1) and (2) of section 131 for enforcing compliance of the requirement made".

Omission of section 137.

32. Section 137 of the Income-tax Act shall be omitted.

Substitution of new section for section 138.

33. For section 138 of the Income-tax Act, the following section shall be substituted, namely:—

Disclosure of information respecting assessee.

"138. (1) Where a person makes an application to the Commissioner in the prescribed form for any information relating to any assessee in respect of any assessment made either under this Act or the Indian Income-tax Act, 1922, on or after the 1st day of April, 1960, the Commissioner may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any court of law.

11 of 1922.

(2) Notwithstanding anything contained in sub-section (1) or any other law for the time being in force, the Central Government may, having regard to the practices and usages customary or any other relevant factors, by order notified in the Official Gazette, direct that no information or document shall be furnished or produced by public servant in respect of such matters relating to such class of assessee or except to such authorities as may be specified in the order".

Insertion of new section 140A.

34. After section 140 of the Income-tax Act, the following section shall be inserted, namely:—

Self-assessment.

"140A. (1) Where a return has been furnished under section 139 and the tax payable on the basis of that return as reduced by any tax already paid under any provision of this Act exceeds five hun-

dred rupees, the assessee shall pay the tax so payable within thirty days of furnishing the return.

(2) After a provisional assessment under section 141 or a regular assessment under section 143 or section 144 has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards the provisional assessment or regular assessment, as the case may be.

(3) If any assessee fails to pay the tax or any part thereof in accordance with the provisions of sub-section (1), he shall, unless a provisional assessment under section 141 or a regular assessment under section 143 or section 144 has been made before the expiry of thirty days referred to in that sub-section, be liable, by way of penalty, to pay such amount as the Income-tax Officer may direct, so however, that the amount of penalty does not exceed fifty per cent of the amount of such tax or part, as the case may be:

Provided that before levying any such penalty, the assessee shall be given a reasonable opportunity of being heard".

35. Section 141A of the Income-tax Act shall be omitted.

Omission of  
section 141A.

36. In section 156 of the Income-tax Act, after the words "any other sum", the brackets, words, figures and letter "(including annuity deposit referred to in Chapter XXIIA)" shall be inserted.

Amendment of  
section 156.

37. In section 209 of the Income-tax Act, in sub-clause (iv) of clause (a), for the words, brackets and letters "clauses (b) and (c)", the words, brackets and letters "clauses (b), (c) and (d)" shall be, and shall be deemed to have been, substituted, with effect from the first day of April, 1963.

Amendment of  
section 209.

38. In section 246 of the Income-tax Act, in clause (o), —

Amendment of  
section 246.

(i) for sub-clause (i), the following sub-clauses shall be substituted, namely: —

"(i) section 140A, or  
(ia) section 221, or";

(ii) for sub-clause (v), the following sub-clauses shall be substituted, namely: —

"(v) section 273, or  
(vi) section 280R."

39. In section 254 of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted, namely: —

Amendment of  
section 254.

'(1A) (a) Where the appellant objects to the fair market value of a capital asset adopted under section 52, the Appellate Tribunal may, and if the appellant so requires, shall, refer the question of the disputed value to the arbitration of two valuers, one of whom shall be nominated by the appellant and the other by the respondent and the Appellate Tribunal shall, so far as that question is concerned, pass its orders under sub-section (1) conformably to the decision of the valuers:

Provided that where the appellant or the respondent does not nominate any valuer within the time specified by the Appellate Tribunal or within such further time as the Appellate Tribunal may allow, the Appellate Tribunal may nominate a valuer on his behalf:

Provided further that if there is a difference of opinion between the two valuers, the matter shall be referred to a third valuer nominated by agreement, or failing agreement, by the Appellate Tribunal and the decision of that valuer on the question of valuation shall be final.

(b) The valuers to whom a reference under this sub-section has been made by the Appellate Tribunal shall communicate their decision to the Appellate Tribunal within six months of the date of such reference or within such further time as that Tribunal may allow:

Provided that if the decision of the valuers is not communicated within the period aforesaid, the Appellate Tribunal may order that the reference made under this sub-section shall be deemed to be

withdrawn and proceed to dispose of the case on the evidence before it, including the report of either of the valuers if any such reports has been submitted.

(c) The extent to which the costs of arbitration proceedings (including a case where a reference is deemed to be withdrawn) shall be borne by the appellant or the respondent shall be at the discretion of the Appellate Tribunal.

(d) The valuers may, in disposing of any matter referred to them for arbitration under this sub-section, hold or cause to be held such enquiry as they think fit and after giving the appellant and the respondent an opportunity of being heard, make such decision as they think fit and shall communicate such decision in writing to the Appellate Tribunal.

(e) The valuers appointed under this sub-section, while acting as such, shall have all powers of a Civil Court while trying a suit under the Code of Civil Procedure, 1908 in respect of the following matters, 5 of 1908.  
namely:—

- (i) summoning and enforcing the attendance of any person and examining him on oath;
- (ii) requiring the discovery and production of documents;
- (iii) receiving evidence on affidavit; and
- (iv) issuing commission for examination of witnesses or documents.

(f) Nothing in the Arbitration Act, 1940 shall apply to arbitrations under this sub-section. 10 of 1940.

*Explanation.*—In this sub-section, “valuer” means a valuer appointed under section 4 of the Estate Duty Act, 1953’. 34 of 1953.

Amendment of  
section 271.

40. In section 271 of the Income-tax Act, in sub-section (1),—

- (i) in clause (c), the word “deliberately” shall be omitted;
- (ii) the following *Explanation* shall be inserted at the end, namely:—

*Explanation.*—Where the total income returned by any person is less than eighty per cent. of the total income (hereinafter in this *Explanation* referred to as the correct income) as assessed under section 143 or section 144 or section 147 (reduced by the expenditure incurred *bona fide* by him for the purpose of making or earning any income included in the total income but which has been disallowed as a deduction), such person shall, unless he proves that the failure to return the correct income did not arise from any fraud or any gross or wilful neglect on his part, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income for the purposes of clause (c) of this sub-section”.

Amendment of  
section 277.

41. In section 277 of the Income-tax Act, for the words “punishable with simple imprisonment which may extend to six months, or with fine which may extend one thousand rupees, or with both”, the following shall be substituted, namely:—

“punishable with rigorous imprisonment for a term which may extend to two years:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than six months”.

Amendment of  
section 278.

42. In section 278 of the Income-tax Act, for the words “punishable with simple imprisonment which may extend to six months or with fine which may extend to one thousand rupees, or with both”, the following shall be substituted, namely:—

“punishable with rigorous imprisonment for a term which may extend to two years:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than six months”.



43. In section 280 of the Income-tax Act, in sub-section (1), for the words and figures "discloses any particulars, the disclosure of which is prohibited by section 137", the words, brackets and figures "furnishes any information or produces any document in contravention of the provisions of sub-section (2) of section 138", shall be substituted. Amendment of section 280.

44. In the Income-tax Act, after section 280, the following Chapter and sections shall be inserted, namely:— Insertion of new Chapter XXIIA.

## "CHAPTER XXIIA

### Annuity Deposits

280A. The provisions of this Chapter shall apply to every person, Persons to whom this Chapter applies.  
being—

- (i) an individual, who is a citizen of India,
- (ii) a Hindu undivided family,
- (iii) an unregistered firm,
- (iv) an association of persons or a body of individuals, whether incorporated or not (other than a company or a cooperative society), and
- (v) an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 (other than a corporation established by a Central, State or Provincial Act):

Provided that such person is a resident.

280B. In this Chapter, unless the context otherwise requires,— Definitions.

(1) "adjusted total income"—

(a) in relation to the assessment year commencing on the 1st day of April, 1964, means the amount of total income computed without making any allowance under section 280O and reduced by the aggregate of the following amounts, if any, included therein, namely:—

- (i) any income chargeable under the head "Salaries";
- (ii) if the depositor is a partner of an unregistered firm which is liable to make an annuity deposit for the relevant assessment year, the amount of his share in the profits and gains of the firm computed in the manner laid down in section 67;
- (iii) if the depositor is a member of an association of persons or a body of individuals (other than a Hindu undivided family or a firm) which is liable to make an annuity deposit for the relevant assessment year, the amount which he is entitled to receive from the association or body;
- (iv) any compensation or other payment referred to in clause (ii) of section 28; and
- (v) any income chargeable under the head "Capital gains";

(b) in relation to the assessment year commencing on the 1st day of April, 1965, or any subsequent assessment year, means the amount of total income computed without making any allowance under section 280O and reduced by the aggregate of the following amounts, if any, included therein, namely:—

- (i) any sum which under the provisions of sub-clause (vii) of clause (1) of section 17 is included in salary;
- (ii) any income chargeable under the head "Salaries" in respect of which the assessee can make an application for the grant of relief under sub-section (1) of section 89;
- (iii) the amount referred to in sub-clause (a)(ii) or sub-clause (a)(iii) of this clause;
- (iv) any compensation or other payment referred to in clause (ii) of section 28; and
- (v) any income chargeable under the head "Capital gains";

(2) "advance deposit" means the annuity deposit required to be made in advance in accordance with the provisions of sections 280 E to 280 I;

(3) "advance tax" shall have the same meaning as in section 207;

(4) "annuity" means any annual instalment of principal and interest thereon payable by the Central Government under the provisions of section 280D;

(5) "annuity deposit" means a deposit of money required to be made under the provisions of this Chapter;

(6) "depositor" means a person to whom the provisions of this Chapter apply.

Requirement as to annuity deposit.

280C. (1) Where any Central Act enacts that any person to whom the provisions of this Chapter apply shall make for any assessment year an annuity deposit with the Central Government at any rate or rates, such person shall make such deposit at that rate or those rates in accordance with, and subject to the provisions of this Chapter in respect of the adjusted total income of the previous year or previous years, as the case may be.

(2) In respect of the adjusted total income in relation to which an annuity deposit is to be made under sub-section (1), such deposit shall be made in advance in accordance with the provisions of sections 280E to 280I.

Repayment.

280D. Subject to the provisions of this Chapter and any scheme framed thereunder, the Central Government shall repay to the depositor the annuity deposit made or recovered in any year in ten annual equated instalments of principal and interest at such rate as may be notified by the Central Government in the Official Gazette:

Provided that nothing in this section shall prevent the payment of any annuity at such commuted value thereof as may be provided in a scheme framed under section 280W, in any case in which the authority empowered to make such payment is satisfied that genuine hardship will be caused unless such payment is made.

Computation of advance deposit.

280E. The amount of advance deposit to be made by a depositor in the financial year shall be computed as follows:—

(a) (i) his total income for the latest previous year in respect of which he has been assessed by way of regular assessment shall first be ascertained;

(ii) the amount of income of the nature referred to in sub-clause (b) (i) or sub-clause (b) (ii) or sub-clause (b) (iii) or sub-clause (b) (iv) or sub-clause (b) (v) of clause (1) of section 280B, if any, included in such income shall be deducted therefrom, and on the balance annuity deposit shall be calculated at the rates in force in the financial year;

(iii) the amount of annuity deposit calculated in accordance with sub-clause (ii) shall, subject to the provisions of clauses (b) and (c), be the advance deposit to be made;

(b) in cases where an estimate of the adjusted total income is sent by the depositor under sub-section (1) or sub-section (2) or sub-section (3) of section 280H, the total income on the basis of which such adjusted total income is so estimated shall, for the purposes of calculation of advance deposit under this section, be substituted for the total income referred to in clause (a);

(c) in cases where the Income-tax Officer makes an amended order referred to in sub-section (3) of section 280F on the basis of a provisional assessment, the total income on the basis of which the relevant provisional assessment had been made shall be substituted for the total income referred to in clause (a).

*Explanation*—In this section and in sections 280F and 280H, the expression "total income" means the total income computed without making any allowance under section 280O.

Order by Income-tax Officer.

280F. (1) Where a depositor has been previously assessed by way of regular assessment under this Act or under the Indian Income-tax Act, 1922, the Income-tax Officer may, on or after the 1st day of April in the financial year, by order in writing, require him to make an advance deposit computed in accordance with the provisions of section 280E.

(2) The notice of demand issued under section 156 in pursuance of such order shall specify the instalments in which the advance deposit is to be made under section 280G.

(3) If, after the making of an order by the Income-tax Officer under this section and before the 15th day of February of the financial year, a regular assessment or a provisional assessment under section 141 of the depositor (or of the registered firm of which he is a partner) is made in respect of a previous year later than that referred to in the order of the Income-tax Officer, the Income-tax Officer may make an amended order requiring such depositor to make in one instalment on the specified date, or in equal instalments on the specified dates, if more than one, falling after the date of the amended order, the advance deposit computed on the basis of the adjusted total income calculated with reference to the total income determined under the regular assessment or the provisional assessment aforesaid as reduced by the deposit, if any, made in accordance with the original order.

280G. Subject to the provisions of section 280H, the provisions of section 211 shall, so far as may be, apply in relation to advance deposit to be made by a depositor as they apply in relation to advance tax payable by an assessee with the modification that reference therein to section 210 shall be constructed as reference to section 280F.

Instalments of  
advance deposit.

280H. (1) If a depositor, who is required to make advance deposit by an order under section 280F, estimates at any time before the last instalment is due that his adjusted total income for the period which would be the previous year for the immediately following assessment year, is less than the income in respect of which he is required to make such deposit, and accordingly wishes to make a deposit of an amount less than the amount which he is so required to deposit, he may send to the Income-tax Officer—

Estimate by  
depositor.

(i) an estimate of the adjusted total income of the said previous year;

(ii) an estimate of the advance deposit to be made by him calculated in the manner laid down in section 280E;

and shall make such deposit as accords with his estimate in equal instalments on such of the dates specified in section 211 as applied to advance deposit by section 280G as have not expired or in one sum if only the last of such dates has not expired.

(2) The depositor may send a revised estimate of the advance deposit to be made by him and adjust any excess or deficiency in respect of any instalment already paid in a subsequent instalment or in subsequent instalments.

(3) A depositor who has not previously been assessed by way of regular assessment under this Act, or under the Indian Income-tax Act, 1922, shall, before the 1st day of March in each financial year, if his total income of the period which would be the previous year for the immediately following assessment year is likely to exceed the minimum amount in relation to which annuity deposit is required to be made under the provisions of the Finance Act of that year, send to the Income-tax Officer—

(i) an estimate of the adjusted total income of the said previous year;

(ii) an estimate of the advance deposit to be made by him calculated in the manner laid down in section 280E;

and shall make such deposit as accords with his estimate, on such of the dates specified under section 211 as applied to advance deposit by section 280G as have not expired, by instalments which may be revised according to sub-section (2).

(4) Every estimate under this section shall be sent in the prescribed form and verified in the prescribed manner.

280I. Where part of the adjusted total income consists of any income of the nature of commission which is receivable periodically and is not received or adjusted by the payer in the depositor's account before any of the quarterly instalments of advance deposit become due, he may

Commission  
receipts.

defer the making of advance deposit in respect of that part of his income to the date on which such income would be normally received or adjusted, and, if he does so, he shall communicate to the Income-tax Officer the date to which the making of such deposit is deferred.

Annuity deposit on the basis of self assessment.

280J. Where in respect of any assessment year, income-tax is payable on the basis of self-assessment under section 140A, the depositor shall, on or before the date on which tax under such assessment is payable, make an annuity deposit equal to the amount, if any, by which the amount of annuity deposit required to be made on the basis of income returned exceeds the amount, if any, of the annuity deposit already made by him in respect of that assessment year.

Annuity deposit on the basis of provisional or regular assessment.

280K. At the time of making a provisional assessment under section 141 or a regular assessment, or as soon thereafter as may be, the Income-tax Officer shall, by order in writing, determine the amount of annuity deposit, if any, required to be made by the depositor on the basis of the income so assessed after taking into account the amount of annuity deposit, if any, already made by him in respect of that assessment year.

Special provisions for the assessment year 1964-65.

280L. (1) If the total income of a depositor for the previous year relevant to the assessment year commencing on the 1st day of April, 1964 (such total income being computed without making any allowance under section 280O) exceeds fifteen thousand rupees and he does not furnish a return under section 139 before the 1st day of March, 1965 and no regular assessment under section 144 is made before the said 1st day of March, he shall send to the Income-tax Officer—

(i) an estimate of the adjusted total income of the said previous year;

(ii) an estimate of annuity deposit to be made by him calculated in the manner laid down in section 280E;

and shall make such deposit as accords with his estimate on or before the 31st day of March, 1965.

(2) An estimate under this section shall be sent in the prescribed form and verified in the prescribed manner.

Recomputation of annuity deposit and adjustment of excess or deficiency.

280M. (1) Where as a result of an order of re-assessment or recomputation under section 147 or as a result of an order under section 154 or section 155 or section 186 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264, the total income of a depositor is enhanced or reduced, or the status under which he is assessed is altered, or in the case of a firm, registration is granted or cancelled, the Income-tax Officer shall compute or recompute the amount of annuity deposit to be made by such depositor.

(2) Where any depositor has deposited any amount for any assessment year which is—

(a) in excess of the amount, or

(b) less than the amount,

required to be deposited under the provisions of this Chapter for that year and in the case referred to in clause (b), an additional amount has been recovered to make up the deficiency, then such excess amount or additional amount, as the case may be, may be adjusted or otherwise dealt with in such manner as may be provided in a scheme framed under section 280W.

Refund of annuity deposit made by a firm assessed under clause (b) of section 183.

280N. Where any unregistered firm is assessed under clause (b) of section 183 for any assessment year, such firm shall not be liable to make an annuity deposit for that assessment year and annuity deposit made by it for that assessment year, if any, shall be adjusted or otherwise dealt with in such manner as may be provided in a scheme framed under section 280W.

Annuity deposit allowed as deduction in computing total income.

280O. (1) Notwithstanding anything to the contrary contained in the provisions of this Act relating to the computation of income chargeable under any head of income, the annuity deposit required to be made under this Chapter shall, subject to the provisions of sub-sec-

tion (2), be allowed as a deduction in computing the total income assessable for the assessment year in respect of which the annuity deposit is required to be made.

(2) If the adjusted total income of the depositor includes any income chargeable under the head "Salaries", the allowance under sub-section (1) shall be made in computing the income under that head, and if there is no income chargeable under that head or the annuity deposit required to be made exceeds such income, the whole or the balance of the annuity deposit required to be made shall be allowed as a deduction in computing earned income chargeable under any other head, and if there is no earned income chargeable under any other head or the whole or the balance of the annuity deposit required to be made exceeds such earned income, the whole or balance of the annuity deposit required to be made shall be allowed as a deduction in computing any other income under any head.

*Explanation.*—In this sub-section, the expression "earned income" has the meaning assigned to it in the Finance Act of the relevant year.

280P. Any person responsible for paying any income chargeable under the head "Salaries" to a resident shall, at the time of payment, deduct income-tax and super-tax under section 192 as if the estimated income referred to in sub-section (1) of that section had been reduced by the amount of advance deposit, if any, to be made by the assessee at the rates in force in the financial year concerned in respect of such income, whether such advance deposit has or has not been made.

Annuity deposit deductible in computing income under the head «Salaries» for purposes of section 192.

280Q. The amount of any deposit to be made under this Chapter shall be rounded off to the nearest multiple of five rupees and where such amount contains a part of five rupees, then, if such part is two rupees and fifty naye paise or more, it shall be increased to five rupees and if such part is less than two rupees and fifty naye paise, it shall be ignored.

Rounding off.

280R. (1) If any person who is liable to make an annuity deposit under this Chapter fails to make such deposit within the time specified therefor, the Income-tax Officer may direct that the depositor shall pay by way of penalty an amount not exceeding one-half of the annuity deposit which he is liable to make.

Penalty for failure to make deposit.

(2) If the Income-tax Officer, in the course of any proceedings in connection with the regular assessment is satisfied that any depositor—

(a) has furnished under section 280H an estimate of advance deposit to be made by him which he knew or had reason to believe to be untrue, or

(b) has without reasonable cause failed to furnish an estimate of advance deposit to be made by him in accordance with the provisions of sub-section (3) of section 280H,

he may direct that such depositor shall pay by way of penalty a sum—

(i) which, in the case referred to in clause (a), shall not exceed half the amount by which the advance deposit actually made during the financial year immediately preceding the assessment year under the provisions of sections 280E to 280I falls short of—

(1) seventy-five per cent. of the annuity deposit required to be made on the basis of income assessed by way of regular assessment (such deposit being calculated at the rates in force in the financial year immediately preceding the assessment year), or

(2) where a notice under section 280F was issued to the depositor, the deposit required to be made thereunder, whichever is less; and

(ii) which, in the case referred to in clause (b), shall not exceed half the amount equal to the seventy-five per cent. referred to in clause (i) (1).

(3) No order imposing a penalty under this section shall be made unless the assessee has been heard, or has been given a reasonable opportunity of being heard.

Other interest and penalty provisions of the Act not to apply.

280S. Notwithstanding anything to the contrary contained in this Act, the provisions of this Act, other than those contained in this Chapter or any scheme framed thereunder, relating to interest payable by the Central Government on refunds and interest payable by the assessee in default or those relating to imposition of penalty shall not apply in relation to any sum due under this Chapter.

Recovery of arrears of deposit and penalty.

280T. For the removal of doubts, it is hereby declared that any arrear of annuity deposit and any penalty imposed under this Chapter shall be recoverable in the manner provided in Chapter XVII-D for the recovery of arrears of tax.

Special provisions for authors, playwrights, artists, musicians and actors.

280U. Any individual, being an author, playwright, artist, musician or actor, may, in addition to the amount of annuity deposit required to be made by him in respect of any assessment year, make a further deposit of an amount not exceeding twenty-five per cent. of his adjusted total income assessable for that assessment year, and if he does so, the further deposit made by him, shall, for the purposes of this Chapter, be included in the annuity deposit required to be made by him.

Special provisions relating to gratuity.

280V. Where the total income of a depositor assessable for any assessment year includes any gratuity chargeable under the head "Salaries", he may, in addition to the amount of annuity deposit required to be made by him in respect of that assessment year, make a further deposit of an amount not exceeding fifty per cent. of the amount of such gratuity, and if he does so, the further deposit made by him, shall, for the purposes of this Chapter, be included in the annuity deposit required to be made by him.

Annuity Deposit Scheme.

280W. (1) The Central Government shall, by notification in the Official Gazette, frame one or more scheme or schemes to be called Annuity Deposit Scheme or Schemes in relation to deposits under this Chapter.

(2) A scheme under sub-section (1) may provide for —

- (a) the manner in which the annuity deposits shall be made;
- (b) the manner in which, and intervals at which, annuities shall be paid; and the manner in which the excess or deficiency of annuity deposit may be adjusted or otherwise dealt with;
- (c) the authority or authorities by or through whom such deposits may be collected or by whom annuities may be issued;
- (d) the documents to be issued to persons by whom deposits have been made as evidence of such deposits;
- (e) the accounts to be maintained with respect to such deposits and annuities and the officers by whom such accounts shall be maintained;
- (f) the nomination of any person to receive the annuity or any other sum due under this Chapter to any depositor in the event of his death and the cancellation or change of such nomination;
- (g) the issue of duplicate of any document issued as evidence of any such deposit in the event of loss or destruction of the original and the fee on the payment of which such duplicate may be issued; and
- (h) any other matter which may be necessary or proper for the effective implementation of the scheme.

(3) The Central Government may, by notification in the Official Gazette, add to, amend, vary or rescind any scheme framed under this Chapter.

(4) Any scheme framed under this Chapter shall be laid, as soon as may be, after it is framed before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and, if before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in any provision of the scheme or both Houses agree that any provision in the scheme should not be made, that provision of the scheme shall thereafter have effect only in such modified form or be of no effect, as the case may

be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that provision.

280X. (1) Notwithstanding anything contained in this Chapter, any depositor may, on or before the 30th day of June of the assessment year in which he first becomes liable to make an annuity deposit by notice in writing to the Income-tax Officer, declare (such declaration being final for that assessment year and all assessment years thereafter) that the provisions of this Chapter shall not apply to him and if he does so, the provisions of this Chapter [other than sub-section (2)] shall not apply to him for any assessment year in relation to which such option has effect:

Option in certain cases.

Provided that in relation to the assessment year commencing on the 1st day of April, 1964, this sub-section shall have effect as if for the words, figures and letters "the 30th day of June", the words, figures and letters "the 30th day of September" were substituted:

Provided further that where any such depositor satisfies the Income-tax Officer that he was prevented by sufficient cause from making such declaration within the period allowed therefor, the Income-tax Officer may, with the previous approval of the Inspecting Assistant Commissioner, allow such depositor to make the declaration at any time after the expiry of the aforesaid period.

(2) If a person has exercised the option under sub-section (1), then the amount of income-tax (but not super-tax) payable by him in respect of any assessment year in relation to which such option has effect shall be increased by a sum equal to fifty per cent. of the amount by which the amount of annuity deposit which would have been otherwise required to be made in respect of that assessment year exceeds the difference between the tax payable by him on his total income and the tax that would have been payable had his total income been reduced by the amount of annuity deposit:

Provided that if such person is more than seventy years of age on the last day of the previous year relevant to the assessment year, he shall not be liable to pay the additional income-tax under this sub-section.

45. For section 287 of the Income-tax Act, the following section shall be substituted, namely:—

Substitution of new section for section 287.

"287. (1) If the Central Government is of opinion that it is necessary or expedient in the public interest to publish the names of any assesseees and any other particulars relating to any proceedings under this Act in respect of such assesseees, it may cause to be published such names and particulars in such manner as it thinks fit.

Publication of information respecting assesseees.

(2) No publication under this section shall be made in relation to any penalty imposed, or any conviction for any offence connected with any proceedings, under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner or to the first Appellate Court, as the case may be, has expired without an appeal having been presented or the appeal, if presented, has been disposed of.

*Explanation.*—In the case of a firm, company or other association of persons, the names of the partners of the firm, directors, managing agents, secretaries and treasurers, or managers of the company, or the members of the association, as the case may be, may also be published if, in the opinion of the Central Government, the circumstances of the case justify it."

46. In section 293 of the Income-tax Act, after the words "lie against", the words "the Government or" shall be inserted.

Amendment of section 293.

47. In section 295 of the Income-tax Act, in sub-section (2), after clause (d), the following clause shall be inserted, namely:—

Amendment of section 295.

"(dd) the extent to which, and the conditions subject to which, any expenditure referred to in sub-section (3) of section 37 may be allowed;"

Omission of the  
Fifth Schedule.  
Amendment of  
Act 34 of 1953.

48. In the Income-tax Act, the Fifth Schedule shall be omitted.

49. In the Estate Duty Act, 1953, —

(a) in section 5A, the following amendments shall be made and shall be deemed to have been made with effect from the 23rd day of September, 1963, namely: —

(i) in sub-section (2), the word "Orissa," shall be omitted;

(ii) in sub-section (3), the words "in the State of Orissa and" shall be omitted;

(b) in section 33, in sub-section (1), after clause (m), the following clause shall be inserted, namely: —

"(n) one house or part thereof exclusively used by the deceased for his residence, to the extent the principal value thereof does not exceed rupees one lakh if such house is situate in a place with a population exceeding ten thousand, and the full principal value thereof in any other case.";

(c) in section 34, in clause (a) of sub-section (1), for the brackets, letters and word "(l) and (m)", the brackets, letters and word "(l), (m) and (n)" shall be substituted:

(d) in section 50, the words "one-half of" shall be omitted;

(e) in section 78, after the words "lie against", the words "the Government or" shall be inserted;

(f) for section 80, the following sections shall be substituted, namely: —

"80. Where a person makes an application to the Controller in the prescribed form for any information in respect of any assessment made under this Act, the Controller may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any court of law.

80A. (1) If the Central Government is of opinion that it is necessary or expedient in the public interest to publish the names of any accountable persons and any other particulars relating to any proceedings under this Act in respect of such persons, it may cause to be published such names and particulars in such manner as it thinks fit.

(2) No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to the Appellate Controller has expired without an appeal having been presented or the appeal, if presented, has been disposed of.";

(g) in the Second Schedule, for Part I, the following Part shall be substituted, namely: —

#### "PART I

In the case of any property which passes or is deemed to pass on the death of the deceased —

	<i>Rate of duty</i>
(1) On the first Rs. 50,000 of the principal value of the estate	<i>Nil</i>
(2) On the next Rs. 50,000 of the principal value of the estate	4%
(3) On the next Rs. 1,00,000 of the principal value of the estate	8%
(4) On the next Rs. 3,00,000 of the principal value of the estate	15%
(5) On the next Rs. 5,00,000 of the principal value of the estate	25%
(6) On the next Rs. 5,00,000 of the principal value of the estate	40%

Disclosure of information respecting assessments.

Publication of information respecting accountable persons.



- (7) On the next Rs. 5,00,000 of the principal value of the estate 50%
- (8) On the balance of the principal value of the estate 85%".

50. In the Wealth-tax Act, 1957, —

Amendment of  
Act 27 of 1957.

(a) in section 5, in sub-section (1), for clause (iv), the following clause shall be substituted, namely: —

"(iv) one house or part of a house belonging to the assessee exclusively used by him for residential purposes:

Provided that where the value of such house or part, situate in a place with a population exceeding ten thousand, exceeds one lakh of rupees, the amount that shall not be included in the net wealth of an assessee under this section shall be one lakh of rupees.";

(b) section 42 shall be omitted;

(c) for sections 42A and 42B, the following sections shall be substituted, namely: —

"42A. (1) If the Central Government is of opinion that it is necessary or expedient in the public interest to publish the names of any assesseees and any other particulars relating to any proceedings under this Act in respect of such assesseees, it may cause to be published such names and particulars in such manner as it thinks fit.

Publication of  
information res-  
pecting asses-  
seees.

(2) No publication under this section shall be made in relation to any penalty imposed, or any conviction for any offence connected with any proceedings, under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner or to the first Appellate Court, as the case may be, has expired without an appeal having been presented or the appeal, if presented, has been disposed of.

42B. Where a person makes an application to the Commissioner in the prescribed form for any information relating to any assessee in respect of any assessment made under this Act, the Commissioner may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any court of law.";

Disclosure of  
information res-  
pecting asses-  
seees.

(d) in section 43, after the words "lie against", the words "the Government or" shall be inserted;

(e) in the Schedule, for Part I, the following Part shall be substituted, namely:—

"PART I

(a) In the case of every individual:—

	Rate of tax
(i) on the first rupees one lakh of net wealth	Nil
(ii) on the next rupees four lakhs of net wealth	0.5%
(iii) on the next rupees five lakhs of net wealth	1.0%
(iv) on the next rupees ten lakhs of net wealth	2.0%
(v) on the balance of net wealth	2.5%

(b) In the case of every Hindu undivided family:—

(i) on the first rupees two lakhs of net wealth	Nil
(ii) on the next rupees three lakhs of net wealth	0.5%
(iii) on the next rupees five lakhs of net wealth	1.0%
(iv) on the next rupees ten lakhs of net wealth	2.0%
(v) on the balance of net wealth	2.5%".

51. In the Expenditure-tax Act, 1957,—

Amendment of  
Act 29 of 1957.

(i) in section 3, in sub-section (1), the proviso and the *Explanation* shall be omitted;

(ii) in section 5, —

(1) for clause (g), the following clause shall be substituted, namely: —

“(g) any expenditure incurred by the assessee in the purchase of books;”;

(2) to clause (j), the following proviso shall be added, namely: —

“Provided that the assessee is either chargeable to gift-tax under the Gift-tax Act, 1958 in respect of such gift, donation or settlement, as the case may be, or has deposited to the credit of the Central Government before the completion of his assessment for the relevant assessment year under this Act, a sum of four per cent. of the moneys or the value of the property comprised in such gift or donation or settlement, as the case may be, by way of payment of expenditure-tax for the relevant assessment year, such payment being in addition to the amount of expenditure-tax with which he is otherwise chargeable under the provisions of this Act;”;

(3) clauses (l) and (n) shall be omitted;

(iii) in section 6 —

(a) in sub-section (1) —

(1) clause (c) shall be omitted;

(2) for clause (d), the following clause shall be substituted, namely: —

“(d) four-fifths of any expenditure incurred by way of capital expenditure on the purchase of bullion, precious stones, jewellery, motor-cars and other conveyances for the personal use of the assessee or any of his dependants:

Provided that where a deduction as aforesaid is made, one-fifth of the said capital expenditure shall be deemed to be incurred by the assessee in each of the four years succeeding the previous year in which the expenditure was incurred and no deduction shall be made under this clause in the assessment for any succeeding year in respect of expenditure so deemed to have been incurred in any earlier year;”;

(3) clauses (e), (f), (g) and (h) shall be omitted;

(4) in clause (i), the words, brackets and letters “to the extent to which such expenditure is not admissible under clause (c) or clause (e) or clause (f) or clause (g)”, shall be omitted;

(5) clause (j) shall be omitted;

(b) sub-section (2) and sub-section (3) shall be omitted;

(iv) section 38 shall be omitted;

(v) for sections 38A and 38B, the following sections shall be substituted, namely: —

“38A. (1) If the Central Government is of opinion that it is necessary or expedient in the public interest to publish the names of any assesseees and any other particulars relating to any proceedings under this Act in respect of such assesseees, it may cause to be published such names and particulars in such manner as it thinks fit.

(2) No publication under this section shall be made in relation to any penalty imposed, or any conviction for any offence connected with any proceedings, under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner or to the first Appellate Court, as the case may be, has expired without an appeal having been presented or the appeal, if presented, has been disposed of.

38B. Where a person makes an application to the Commissioner in the prescribed form for any information relating to any assessee in respect of any assessment made under this Act, the Commissioner may, if he is satisfied that it is in the public

Publication of  
information res-  
pecting asses-  
seees.

Disclosure of  
information res-  
pecting asses-  
seees.

interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any court of law";

(vi) in section 39, after the words "lie against", the words "the Government or" shall be inserted;

(vii) for the Schedule, the following Schedule shall be substituted, namely:—

#### THE SCHEDULE

(See section 3)

#### *Rates of Expenditure-Tax*

In the case of every individual and Hindu undivided family, on that portion of the taxable expenditure—

(i) which does not exceed Rs. 36,000	Nil
(ii) which exceeds Rs. 36,000 but does not exceed Rs. 48,000	5%
(iii) which exceeds Rs. 48,000 but does not exceed Rs. 60,000	7.5%
(iv) which exceeds Rs. 60,000 but does not exceed Rs. 72,000	10%
(v) which exceeds Rs. 72,000 but does not exceed Rs. 84,000	15%
(vi) which exceeds Rs. 84,000	20%:

Provided that in respect of any assessment for the financial year commencing on the 1st day of April, 1964 or 1965, this Schedule shall have effect as if for items (v) and (vi), the following item had been substituted, namely:—

“(v) which exceeds Rs. 72,000 15%”.

#### 52. In the Gift-tax Act, 1958,—

Amendment of  
Act 18 of 1958.

(a) in section 5,—

(i) in clause (viii) of sub-section (1), for the words “rupees one lakh”, the words “rupees fifty thousand” shall be substituted;

(ii) in sub-section (2), for the words “ten thousand”, the words “five thousand” shall be substituted;

(b) after section 6, the following section shall be inserted, namely:—

“6A. (1) Notwithstanding anything to the contrary contained in this Act, where an assessee has made taxable gifts to the same donee during a previous year and during any one or more of the four previous years immediately preceding such previous year, the gift-tax payable by him for the relevant assessment year shall, subject to the provisions of sub-section (2), be determined in the following manner, namely:—

Aggregation of  
gifts made to the  
same donee  
during a certain  
period.

(a) the value of the taxable gifts made to such a donee during any one or more of the four previous years immediately preceding the previous year relevant to an assessment year shall be aggregated with the value of the taxable gifts made by the assessee during the relevant previous year and gift-tax shall be calculated on the aggregate value at the rate or rates specified in the Schedule;

(b) from the amount of gift-tax calculated under clause (a), there shall be deducted the aggregate of—

(i) an amount which bears to the amount of gift-tax calculated under clause (a) the same proportion as the value of any taxable gift made to such donee prior to the 1st day of April, 1963 included in the aggregate value referred to in clause (a) bears to such aggregate value;

(ii) the amount of any gift-tax payable by the assessee for each of the four assessment years immediately preceding the relevant assessment year in respect of the value of the taxable gifts made by him to the said donee after the 31st

day of March, 1963, included in the aggregate value referred to in clause (a),

and the balance shall be the amount of gift-tax payable by the assessee.

*Explanation.* — For the purposes of sub-clause (ii) of clause (b), the amount of gift-tax payable by an assessee in respect of the value of taxable gifts made by him to the same donee for each of the four assessment years immediately preceding the relevant assessment year means such proportion of the total amount of gift-tax payable by the assessee for that assessment year as the value of any taxable gifts made by him after the 31st day of March, 1963, to such donee during the relevant previous years bears to the total value of the taxable gifts made by the assessee during that previous year.

(2) The gift-tax payable by an assessee shall in no case be less than the amount of the gift-tax which would be payable by him without giving effect to the provisions of sub-section (1)";

(c) in section 32, to sub-section (2), the following proviso shall be, and shall be deemed always to have been, added, namely: —

"Provided that where as a result of an order under section 22, or section 23, or section 24, or section 25, or section 26, or section 28, or section 34, the amount on which interest was payable under this section had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded";

(d) in section 34, in sub-section (5), for the word and figures "section 33", the word, figures and letter "section 33A" shall be, and shall be deemed always to have been, substituted;

(e) section 41 shall be omitted;

(f) for sections 41A and 41B, the following sections shall be substituted, namely: —

"41A. (1) If the Central Government is of opinion that it is necessary or expedient in the public interest to publish the names of any assesseees and any other particulars relating to any proceedings under this Act in respect of such assesseees, it may cause to be published such names and particulars in such manner as it thinks fit.

(2) No publication under this section shall be made in relation to any penalty imposed, or any conviction for any offence connected with any proceedings, under this Act until the time for presenting an appeal to the Appellate Assistant Commissioner or to the first Appellate Court, as the case may be, has expired without an appeal having been presented or the appeal, if presented, has been disposed of.

*Explanation.* — In the case of a firm, company or other association of persons, the names of the partners of the firm, directors, managing agents, secretaries and treasurers, or managers of the company, or the members of the association, as the case may be, may also be published if, in the opinion of the Central Government, the circumstances of the case justify it.

41B. Where a person makes an application to the Commissioner in the prescribed form for any information relating to any assessee in respect of any assessment made under this Act, the Commissioner may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any court of law";

(g) in section 42, after the words "lie against", the words "the Government or" shall be inserted;

Publication of  
information res-  
pecting asses-  
sees.

Disclosure of  
information res-  
pecting asses-  
sees.

(h) for the Schedule, the following Schedule shall be substituted, namely:—

# “THE SCHEDULE

[See section 3]

## *Rates of Gift-Tax*

	Rate of gift-tax
(1) On the first Rs. 5,000 of the value of all taxable gifts .....	4%
(2) On the next Rs. 15,000 of the value of all taxable gifts .....	8%
(3) On the next Rs. 25,000 of the value of all taxable gifts .....	15%
(4) On the next Rs. 1,00,000 of the value of all taxable gifts .....	25%
(5) On the next Rs. 2, 00,000 of the value of all taxable gifts .....	40%
(6) On the balance of the value of all taxable gifts .....	50%”

20 of 1962.  
29 of 1957.

53. Notwithstanding anything contained in section 13 of the Finance (No. 2) Act, 1962, expenditure-tax shall be charged under the Expenditure-tax Act, 1957 for every financial year commencing on or after the 1st day of April, 1964, in respect of the expenditure incurred by an individual or Hindu undivided family.

Expenditure-tax  
to be levied  
from 1st April  
1964.

54. In Paragraph A of Part I of the First Schedule to the Finance Act, 1963, for clause (ii) of the proviso to clause (c) under the heading “Surcharges on income-tax”, the following clause shall be, and shall be deemed always to have been, substituted, namely:—

Amendment of  
Act 13 of 1963.

“(ii) the additional surcharge shall in no case exceed one-half of the amount by which the residual income exceeds the limit specified below”.

14 of 1963.

55. Notwithstanding anything contained in the Super Profits Tax Act, 1963, super profits tax shall not be charged for any assessment year commencing on or after the 1st day of April, 1964, in respect of the chargeable profits of any company.

Super profits  
tax not to be  
levied from  
1st April 1964.

56. The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act) shall be amended in the manner specified in the Third Schedule.

Amendment of  
Act 32 of 1934.

57. (1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Tariff Act as amended by this Act or any subsequent Act of Parliament, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a sum equal to 10 per cent. of such amount:

Surcharge on  
duties of cus-  
toms.

Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 58 of this Act shall not be included.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1965 except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

58. (1) There shall be levied and collected, with effect from such date as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all goods mentioned in the First Schedule to the Tariff Act as amended by this Act or any subsequent Act of Parliament, a regulatory duty of customs which shall be—

Regulatory duty  
of customs.

(a) 25 per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A or sub-section (1) of section 4 of the Tariff Act; or

(b) 10 per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962,

52 of 1962.

whichever is higher:

Provided that different dates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 30th day of April, 1965 except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 10 of 1897.

(3) The duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962. 52 of 1962.

(4) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations. 52 of 1962.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

Amendment of  
Act 1 of 1949.

59. In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1964", the figures "1965" shall be substituted.

Amendment of  
Act 1 of 1944.

60. In the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), —

(1) in section 2, in clause (f), —

(i) the words beginning with "and the word 'manufacturer'" and ending with "are intended for sale;" shall be omitted;

(ii) after sub-clause (iii), the following shall be inserted, namely: —

"(iv) in relation to goods comprised in Item No. 18A of the First Schedule, includes sizing, beaming, warping, wrapping, winding or reeling, or any one or more of these processes, or the conversion of any form of the said goods into another form of such goods;

and the word 'manufacturer' shall be construed accordingly and shall include not only a person who employs hired labour in the production or manufacture of excisable goods, but also any person who engages in their production or manufacture on his own account";

(2) in the First Schedule,—

(a) in Item No. 4, under "II—*Manufactured tobacco*—", for the entries in the third column against sub-items 2 (iii) and 2 (iv), the entries "Seven rupees and fifty naye paise" and "Four rupees and forty naye paise" shall, respectively, be substituted;

(b) in Item No. 14, under "I", after sub-item (4), the following sub-item shall be inserted, namely:—

"(4A) Dispersed Organic pigments ordinarily used for the printing of textiles, whether in the form of powder, paste, or in emulsion. Two rupees and fifty naye paise per kilogram."

(c) after Item No. 14B, the following Item shall be inserted, namely:—

"14BB. SODIUM SILICATE ..... Eight rupees per quintal."

(d) in Item No. 14F, in the second column,—

(i) for sub-items (i), (ii) and (iii), the following sub-item shall be substituted, namely:—

"(i) Preparations for the care of the skin including beauty creams, vanishing creams, cold creams, make-up creams, cleansing creams, skin foods and tonics, face powders, baby powders, toilet powders and talcum powders.";

(ii) sub-item (iv) shall be re-numbered as sub-item (ii);

(e) in Item No. 15, under "I", for sub-items (1), (2) and (3), the following sub-items shall be substituted, namely:—

"(1) Soap, household and laundry ... Eighteen rupees per quintal.  
(2) Other sorts ..... Thirty-eight rupees per quintal;"

(f) for Item No. 15A, the following Item shall be substituted, namely:—

"15A. ARTIFICIAL OR SYNTHETIC RESINS AND PLASTIC MATERIALS AND ARTICLES THEREOF ..... Twenty per cent. *ad valorem*."

(1) Artificial or synthetic resins and plastic materials in any form, whether solid, liquid or pasty, or as powder, granules or flakes, or in the form of moulding powders, the following, namely:—

(i) Condensation, Poly-condensation and Poly-addition products, whether or not modified or polymerised, including Phenoplasts, Aminoplasts, Alkyds, Polyurethane, Polyallyl Esters and other Unsaturated Polyesters;

(ii) Polymerisation and Copolymerisation products including Polyethylene and Polytetrahaloethylene, Polyisobutylene, Polystyrene, Polyvinyl chloride, Polyvinyl acetate, Polyvinyl Chloroacetate and other Polyvinyl derivatives, Polyamides, Polyacrylic and Polymethacrylic derivatives and Coumarone-Indene resins; and

(iii) Cellulose acetate (including di-or tri-acetate), Cellulose acetate butyrate and Cellulose propionate, Cellulose acetate-propionate, Ethyl cellulose and Benzyl cellulose, whether plasticised or not, and plasticised Cellulose nitrate.

(2) Articles made of plastics, all sorts, including tubes, rods, sheets, foils, sticks, other rectangular or profile shapes, whether laminated or not, and whether rigid or flexible, including layflat tubings and Polyvinyl chloride sheets.

*Explanation.*—For the purpose of sub-item (2), 'plastics' means the various artificial or synthetic resins or plastic material included in sub-item (1).";

(g) in Item No. 17, for sub-items (1) to (10), the following sub-items shall be substituted, namely:—

- "(1) Cigarette tissue ..... One rupee per kilogram.
- (2) Blotting, toilet, target, tissue, other than cigarette tissue, teleprinter, typewriting, manifold, bank, bond art paper, chrome paper, tubsized paper, cheque paper, stamp paper, cartridge paper, parchment, and coated board (including art board, chrome board and board for playing cards). Fifty naye paise per kilogram.
- (3) Printing and writing paper, packing and wrapping paper, straw-board and pulp-board, including grey board, corrugated board, duplex and triplex boards, other sorts. Thirty-five naye paise per kilogram.
- (4) All other kinds of paper and paperboard not otherwise specified. Fifty naye paise per kilogram.";

(h) in Item No. 18, for the entry in the third column, the entry "Nine rupees per kilogram" shall be substituted;

(i) for Item No. 18A, the following Item shall be substituted, namely:—

"18A. COTTON TWIST, YARN AND THREAD, ALL SORTS, sized or unsized, in all forms including skeins, hanks, cops, cones, bobbins, pirns, spools, reels, cheeses, balls or on warp beams, in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(1) of counts 29 or more; ..... One rupee per kilogram.

(2) of counts less than 29. .... Fifty naye paise per kilogram.

*Explanation.* — (1) 'Count' means the size of grey yarn expressed as the number of 1000 metre hanks per one-half kilogram.

(2) For multiple fold yarn, 'count' means the count of the basic single yarn";

(j) in Item No. 18B—

(a) for sub-item (1), the following sub-item shall be substituted, namely:—

“(1) worsted yarn—

(a) of 48s counts and more; ... Twenty per cent. *ad valorem*.

(b) of less than 48s counts ..... Fifteen per cent. *ad valorem*.”;

(b) the following *Explanation* shall be inserted at the end, namely:—

“*Explanation*. — ‘Count’ means the size of single yarn expressed as the number of 560 yard hanks per pound.”;

(k) for Item No. 25, the following Item shall be substituted, namely:—

“25. IRON IN ANY CRUDE FORM including Forty-five rupees per pig iron, scrap iron, molten iron or iron cast in metric tonne.”; any other shape or size.

(l) for Item No. 26, the following Item shall be substituted, namely:—

“26. STEEL INGOTS including steel melting Fifty rupees per metric scrap. tonne.”;

(m) in Item No. 26AA—

(i) for the entry in the third column against each of the sub-items (i) and (ia), the entry “Forty rupees per metric tonne *plus* the excise duty for the time being leviable on steel ingots” shall be substituted;

(ii) for sub-items (ii) and (iii), the following sub-items shall be substituted, namely:—

“(ii) Plates and sheets (including un-coated plates and sheets intended for tinning), all sorts, and hoops and strips, all sorts, other than skelp. One hundred and fifty rupees per metric tonne *plus* the excise duty for the time being leviable on steel ingots.”;

(iii) Skelp ..... One hundred and fifty rupees per metric tonne *plus* the excise duty for the time being leviable on steel ingots.”;

(n) in Item No. 27, for the entry in the second column against sub-item (b), the entry “Manufactures, the following, namely, plates, sheets, circles, strips and extruded shapes and sections in any form or size.” shall be substituted;

(o) in Item No. 33B, for the entry in the second column against sub-item (i), the entry “Insulated copper wires and cables, whether sheathed or unsheathed, any core of which, not being one specially designed as a pilot core, has a sectional area of less than 8.0645 square millimetres and wires and cables of other metals and alloys of not more than equivalent conductivity.” shall be substituted;

(p) in Item No. 34,—

(i) after sub-item (3), the following sub-item shall be inserted, namely:—

“(3a) Tractors, including agricultural tractors. Ten per cent. *ad valorem*.”;

(ii) the following *Explanation* shall be inserted at the end, namely:—

“*Explanation*. — For the purposes of this Item, where a motor vehicle is mounted, fitted or fixed with any weight-lifting, earth moving and similar specialised material handling equipment, then such equipment other than the chassis shall not be taken into account.”;



(q) for Item No. 36, the following Item shall be substituted, namely:—

"36. FOOTWEAR AND PARTS THEREOF in or in relation to the manufacture of which any process is ordinarily carried on with the aid of power—

(1) Footwear ..... Ten per cent. *ad valorem*.

(2) Parts of footwear ..... Fifteen per cent. *ad valorem*.

*Explanation.*—'Footwear' includes all varieties of footwear, whether known as boots, shoes, sandals, chappals, or by any other name".

61. (1) When goods of the description mentioned in this section chargeable with a duty of excise under the First Schedule to the Central Excises Act, as amended by this Act or any subsequent Act of Parliament or under that Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall be levied and collected—

Special duty of excise on certain goods.

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 22A, 23A except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of that Schedule, a special duty of excise equal to 10 per cent. of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items I, II (2) and II (3) of Item No. 4, Item Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) and (4) of Item No. 34 and Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent. of the total amount so chargeable on such goods; and

(c) as respects goods comprised in Items Nos. 4 II(1), 18, 18A(1), 18B, 20, 29A, 33A, sub-items (2) and (3) of Item No. 34 and radiograms comprised in Item No. 37A of that Schedule, a special duty of excise equal to 33 1/3 per cent. of the total amount so chargeable on such goods.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1965 except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duty of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

62. (1) There shall be levied and collected, with effect from such date as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Act of Parliament, a regulatory duty of excise which shall be fifteen per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act:

Regulatory duty of excise.

Provided that different dates may be specified by the Central Government for different kinds of goods.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 30th day of April, 1965, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

Discontinuance of salt duty.

63. For the year beginning on the first day of April, 1964, no duty under the Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

Amendment of Act 16 of 1955.

64. In the Medicinal and Toilet Preparation (Excise Duties) Act, 1955,—

(a) in section 2,—

(i) in clause (h), for the words and figures “and which is a dangerous drug within the meaning of the Dangerous Drugs Act, 1930”, the words “and includes all alkaloids of opium”, shall be substituted;

(ii) for clause (i), the following clause shall be substituted, namely:—

«(i) ‘opium’ means —

(1) the capsules of the poppy (*Papaver somniferum* L.), whether in their original form or cut, crushed or pondered and whether or not juice has been extracted therefrom;

(2) the spontaneously coagulated juice of such capsules which has not been submitted to any manipulations other than those necessary for packing and transport; and

(3) any mixture, with or without neutral materials, of any of the above forms of opium,

and includes any derivative of opium;»;

(b) for the Schedule, the following Schedule shall be substituted, namely:—

#### “THE SCHEDULE

(See section 3)

Item No.	Description of dutiable goods	Rate of duty
<i>Medicinal Preparations</i>		
1. Allopathic Medicinal Preparations:—		
(i) Medicinal preparations containing alcohol which are not capable of being consumed as ordinary alcoholic beverages—		
(a) Patent or proprietary medicines		Ten per cent, <i>ad valorem</i> or rupee one and ten naye paise per litre of the strength of London proof spirit, whichever is higher.
(b) Others		Rupee one and ten naye paise per litre of the strength of London proof spirit.
(ii) Medicinal preparations containing alcohol which are not capable of being consumed as ordinary alcoholic beverages—		
(a) Medicinal preparations which contain known active ingredients in therapeutic quantities.		Ten per cent, <i>ad valorem</i> or rupees three and eighty-five naye paise per litre of the strength of London proof spirit, whichever is higher.

Item No.	Description of dutiable goods	Rate of duty
	(b) Others .....	Rupees fifteen and fifty naye paise per litre of the strength of London proof spirit.
	(iii) Medicinal preparations not containing alcohol but containing opium, Indian hemp, or other narcotic drug or narcotic.	Ten per cent. <i>ad valorem</i> .
2.	Medicinal preparations in Ayurvedic, Unani or other indigenous systems of medicine —	
	(i) Medicinal preparations containing self-generated alcohol which are not capable of being consumed as ordinary alcoholic beverages.	<i>Nil</i> .
	(ii) Medicinal preparations containing self-generated alcohol which are capable of being consumed as ordinary alcoholic beverages.	Thirty-eight naye paise per litre of the strength of London proof spirit.
	(iii) All others containing alcohol which are prepared by distillation or to which alcohol has been added.	Rupees fifteen and fifty naye paise per litre of the strength of London proof spirit.
	(iv) Medicinal preparations not containing alcohol but containing opium, Indian hemp, or other narcotic drug or narcotic.	Ten per cent. <i>ad valorem</i> .
3.	Homoeopathic preparations containing alcohol.	Rupees three and eighty-five naye paise per litre of the strength of London proof spirit.
	<i>Toilet Preparations</i>	
4.	Toilet preparations containing alcohol, or opium, Indian hemp, or other narcotic drug or narcotic.	Twenty-five per cent. <i>ad valorem</i> or rupees three and eighty-five naye paise per litre of the strength of London proof spirit, whichever is higher.

43 of 1958.

**Explanation I.** — ‘Patent or proprietary medicines’ means any medicinal preparation which bears either on itself or on its container or both, a name which is not specified in a monograph in a Pharmacopoeia, Formulary or other publications notified in this behalf by the Central Government in the Official Gazette, or which is a brand name, that is, a name or a registered trade mark under the Trade and Merchandise Marks Act, 1958 or any other mark such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to that medicinal preparation for the purpose of indicating or so as to indicate a connection in the course of trade between the preparation and some person having the right either as proprietor or otherwise to use the name or mark with or without any indication of the identity of that person.

I of 1944.

**Explanation II.** — Where any article is chargeable with duty at a rate dependent on the value of the article, such value shall be deemed to be the value as determined in accordance with the provisions of section 4 of the Central Excise and Salt Act, 1944.

**Explanation III.** — ‘London proof spirit’ means that mixture of ethyl alcohol and distilled water which at the temperature of 51 degrees Fahrenheit weighs exactly 12/13th parts of an equal measure of distilled water at the same temperature.

**Explanation IV.** — Where in respect of any dutiable goods the unit of assessment for the purpose of any duty under this Act is a litre of the strength of London proof spirit, the duty shall be increased or reduced in such proportion as the strength of the dutiable goods is greater or less than that of the London proof spirit”.

65. In the Compulsory Deposit Scheme Act, 1963, in section 4, after sub-section (9), the following sub-sections shall be inserted, namely: — Amendment of Act 21 of 1963.

“(9A) If any person has deposited any amount under the provisions of sub-section (3) or sub-section (4) which is in excess of the amount of additional surcharge payable by him, such excess

shall, on an application made by that person, be refunded to him with interest due thereon, in such manner as the Central Government thinks fit.

(9B) If any person who is liable to pay advance tax under the Income-tax Act has made a deposit under the provisions of sub-section (5) in the financial year commencing on the first day of April, 1963, the amount of such deposit shall, on an application made by that person, be refunded to him with interest due thereon, in such manner as the Central Government thinks fit".

THE FIRST SCHEDULE

(See section 2)

PART I

Income-tax and surcharge on income-tax

Paragraph A

(i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case —

Rates of Income-tax

Where the individual has no child wholly or mainly dependent on him or where the Hindu undivided family has no minor coparcener.	Where the individual has one child wholly or mainly dependent on him or where the Hindu undivided family has one minor coparcener.	Where the individual has more than one child wholly or mainly dependent on him or where the Hindu undivided family has more than one minor coparcener.
Rs.	Rs.	Rs.
(1) On the first 3,200 of total income	3,600 of total income	4,000 of total income Nil
(2) On the next 1,800 "	1,400 "	1,000 " 6%
(3) On the next 2,500 "	2,500 "	2,500 " 10%
(4) On the next 5,000 "	5,000 "	5,000 " 15%
(5) On the next 7,500 "	7,500 "	7,500 " 20%.

(ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of every unregistered firm or other association of persons or body of individual, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies: —

(1) On the first Rs. 1,000 of total income	Nil
(2) On the next Rs. 4,000 of total income	6%
(3) On the next Rs. 2,500 of total income	10%
(4) On the next Rs. 5,000 of total income	15%
(5) On the next Rs. 7,500 of total income	20%
(6) On the balance of total income	25%:

Provided that for the purposes of this Paragraph —

(i) no income-tax shall be payable on a total income which does not exceed the limit specified below;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit;

(iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of —

(a) the income-tax which would have been payable if the total income had been Rs. 20,000;

(b) half the amount by which the total income exceeds Rs. 20,000.

The limit aforesaid shall be —

(i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following conditions, namely: —

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or who are not lineally descended from any other living member of the family;

(ii) Rs. 3,000 in every other case.

*Surcharge on income-tax*

The amount of income-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union, which shall be equal to the aggregate of the sums computed as hereunder:—

(a) where the amount of the income other than earned income, if any, included in the total income exceeds Rs. 10,000, a sum calculated on the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any, included in the total income if such earned income had been the total income, at the following rate, namely:—

(i) where the amount of the income other than the earned income, if any, included in the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000, at the rate of 12.5%:

Provided that the amount of surcharge payable under this clause shall in no case exceed one-tenth of the amount by which the income other than the earned income exceeds Rs. 10,000;

(ii) where the amount of the income other than the earned income, if any, included in the total income exceeds Rs. 25,000 but does not exceed Rs. 75,000, at the rate of 15%:

Provided that the surcharge payable under this clause shall in no case exceed the aggregate of the following sums, namely:—

(1) an amount calculated at the rate of twelve and a half per cent. on the amount of income-tax on an income of Rs. 25,000, if such income had been the total income (the income of Rs. 25,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned);

(2) one-tenth of the amount by which the income other than the earned income exceeds Rs. 25,000;

(iii) where the amount of the income other than the earned income, if any, included in the total income exceeds Rs. 75,000, at the rate of 17.5%:

Provided that the surcharge payable under this clause shall in no case exceed the aggregate of the following sums, namely:—

(1) an amount calculated at the rate of fifteen per cent. on the amount of income-tax on an income of Rs. 75,000, if such income had been the total income (the income of Rs. 75,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned);

(2) one-tenth of the amount by which the income other than the earned income exceeds Rs. 75,000;

(b) where the earned income included in the total income exceeds Rs. 1,00,000, a sum calculated at ten per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000.

*Paragraph B*

In the case of every local authority, —

*Rate of income-tax*

On the whole of the total income ..... 30%

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of five per cent. of the amount of income-tax.

*Paragraph C*

In every case in which under the provisions of the Income-tax Act income-tax is to be charged at the maximum rate, —

*Rate of income-tax*

On the whole of the total income ..... 25%

*Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 17.5 per cent. of the amount of income-tax.

*Paragraph D*

In the case of every company, —

*Rate of income-tax*

On the whole of the total income ..... 25%

Provided that a rebate at the rate of ten per cent. on so much of the total income as consists of dividends from an Indian company which is not such a company as is referred to in section 108 of the Income-tax Act and which is wholly or mainly engaged in the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of this Schedule, shall be allowed in the case of a company which has not made the prescribed arrangements for the declaration and payment of dividends within India.

*Explanation.* — For the purposes of this Paragraph and Part III of this Schedule, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of this Schedule, if the income attributable to any of the aforesaid activities included in its total income for the previous year is not less than fifty-one per cent. of such total income.

*Paragraph E*

In the case of every registered firm, —

*Rates of income-tax*

(1) On the first Rs. 25,000 of total income .....	Nil
(2) On the next Rs. 25,000 of total income .....	6%
(3) On the next Rs. 50,000 of total income .....	8%
(4) On the balance of total income .....	12%.

*Surcharge on income-tax*

The amount of income-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union equal to the sum of —

- (i) twenty per cent. of the amount of income-tax payable by the firm on its income from any business carried on by it calculated at the average rate of income-tax applicable to its total income; and

(ii) ten per cent. of the amount of income-tax payable by it on its income from all sources other than from any business carried on by it calculated at the average rate of income-tax applicable to its total income.

## PART II

### *Super-tax and surcharge on super-tax*

#### *Paragraph A*

In the case of every individual, Hindu undivided family, unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies, —

#### *Rates of super-tax*

(1) On the first Rs. 20,000 of total income .....	Nil
(2) On the next Rs. 5,000 of total income .....	10%
(3) On the next Rs. 5,000 of total income .....	15%
(4) On the next Rs. 20,000 of total income .....	30%
(5) On the next Rs. 20,000 of total income .....	45%
(6) On the balance of total income .....	50%

#### *Surcharge on super-tax*

The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union, which shall be equal to the aggregate of the sums computed as hereunder: —

(a) where the amount of income other than earned income, if any, included in the total income exceeds Rs. 10,000, a sum calculated on the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income if such earned income had been the total income, at the following rate, namely:—

(i) where the amount of the income other than the earned income, if any, included in the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000, at the rate of 12.5%:

Provided that the amount of surcharge payable under this clause shall in no case exceed one-eighth of the amount by which the income other than the earned income exceeds Rs. 10,000;

(ii) where the amount of income other than the earned income, if any, included in the total income exceeds Rs. 25,000 but does not exceed Rs. 75,000, at the rate of 15%:

Provided that the surcharge payable under this clause shall in no case exceed the aggregate of the following sums, namely: —

(1) an amount calculated at the rate of twelve and a half per cent on the amount of super-tax on an income of Rs. 25,000, if such income had been the total income (the income of Rs. 25,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned);

(2) one-eighth of the amount by which the income other than the earned income exceeds Rs. 25,000;

(iii) where the amount of the income other than the earned income, if any, included in the total income exceeds Rs. 75,000, at the rate of 17.5%:

Provided that the surcharge payable under this clause shall in no case exceed the aggregate of the following sums, namely: —

(1) an amount calculated at the rate of fifteen per cent on the amount of super-tax on an income of Rs. 75,000, if such income had been the total income (the income of Rs. 75,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned);

(2) one-eighth of the amount by which the income other than the earned income exceeds Rs. 75,000;

(b) where the earned income included in the total income exceeds Rs. 1,00,000, a sum calculated as ten per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000.

#### *Paragraph B*

In the case of every local authority, —

#### *Rate of super-tax*

On the whole of the total income .... 16%

#### *Surcharge on super-tax*

The amount of super-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

#### *Paragraph C*

In the case of every association of persons being a co-operative society as defined in clause (19) of section 2 of the Income-tax Act, —

#### *Rates of super-tax*

- (1) On the first Rs. 25,000 of total income ..... Nil
- (2) On the balance of total income ..... 16%

#### *Surcharge on super-tax*

The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12½ per cent. of the amount of super-tax.

#### *Paragraph D*

In the case of every company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 31 of 1956, 1956,—

#### *Rates of super-tax*

On the whole of the total income ..... 55%:

Provided that—

(i) a rebate at the rate of 37.5 per cent. on the total income shall be allowed in the case of any company which—

(a) in respect of its profits liable to tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1964, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits in accordance with the provisions of section 194 of that Act; and

(b) is such a company as is referred to in section 108 of the Income-tax Act with a total income not exceeding Rs. 25,000;

(ii) a rebate at the rate of 35 per cent. on so much of the total income as consists of profits and gains attributable to the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of this Schedule; and at the rate of 30 per cent. on the balance of the total income shall be allowed in the case of a company which satisfies condition (a) of the preceding clause and which is such a company as is referred to in section 108 of the Income-tax Act with a total income exceeding Rs. 25,000;

(iii) (A) in the case of a company which is wholly or mainly engaged in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other



form of power and whose total income does not exceed rupees five lakhs, a rebate at the rate of 30 per cent. on so much of its total income as does not exceed rupees two lakhs and a rebate at the rate of 20 per cent. on the balance of the total income; and in addition, where the total income includes any income attributable to the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of this Schedule, a rebate at the rate of 5 per cent. on so much of such inclusion as does not exceed rupees two lakhs and a rebate at the rate of 6 per cent. on the balance, if any, of such inclusion,

shall be allowed if—

- (a) such company satisfies condition (a) of clause (i); and
- (b) it is not such a company as is referred to in section 108 of the Income-tax Act;

(B) in the case of any company which is not entitled to any rebate under sub-clause (A) of this clause, a rebate at the rate of 26 per cent. on so much of its total income as is attributable to the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of this Schedule; and at the rate of 20 per cent. on the balance of the total income,

shall be allowed if—

- (a) such company satisfies condition (a) of clause (i); and
- (b) it is not such a company as is referred to in section 108 of the Income-tax Act;

(iv) a rebate at the rate of 30 per cent. on so much of the total income as consists of royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government; at the rate of 30 per cent. on so much of the total income as consists of fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964 and which has been approved by the Central Government; and at the rate of 15 per cent. on the balance of the total income shall be allowed in the case of any company not entitled to a rebate under any of the preceding clauses:

Provided further that—

(i) the amount of the rebate under clause (i) or clause (ii) or clause (iii) of the preceding proviso shall be reduced by the sum, if any, equal to the amount or the aggregate of the amounts, as the case may be, computed as hereunder:—

((a) on the aggregate of the sums computed in the manner provided in clause (i) of the second proviso to Paragraph D of Part II of the First Schedule to the Finance Act, 1963 as reduced by the amount, if any, which is deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said proviso to nil; at the rate of 100%

(b) on the amount representing the face value of any bonus shares or the amount of any bonus issued to its shareholders during the previous year with a view to increasing the paid-up capital except where such bonus shares or bonus have been issued wholly out of the share premium account of the company after the 31st day of March, 1964; and at the rate of 12½%

(c) in addition, in the case of a company referred to in clause (i) or clause (ii) or clause (iii) of the preceding proviso [being such a company as is referred to in section 108 of the Income-tax Act or any other company as is referred to in clause (iii) of sub-section (2) of section 104 of that Act] which has declared or distributed to its shareholders during the pre-

vious year any dividends other than dividends on preference shares—

(A) in the case of a company which since the date of the commencement of its activities has declared or distributed any dividends for the first time during the previous year or any one of the four previous years immediately preceding such previous year—

on that part of the dividends other than dividends on preference shares, which exceeds 10 per cent of the paid-up equity capital; at the rate of 7.5%

(B) in any other case—

on the whole amount of the dividends other than dividends on preference shares; at the rate of 7.5%

(ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii) or clause (iii), as the case may be, of the preceding proviso, only so much of the amounts of reduction mentioned in sub-clauses (a), (b) and (c) of clause (i) of this proviso as is sufficient, in that order, to reduce the rebate to *nil* shall be deemed to have been taken into account for the purpose:

Provided further that the super-tax payable by a company, as is referred to in section 108 of the Income-tax Act, and the total income of which exceeds rupees twenty-five thousand, shall not exceed the aggregate of—

(a) the super-tax which would have been payable by the company if its total income had been Rs. 25,000 (the income of Rs. 25,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) fifty-five per cent. of the amount by which its total income exceeds rupees twenty-five thousand:

Provided further that the super-tax payable by a company, which is wholly or mainly engaged in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power and which is not such a company as is referred to in section 108 of the Income-tax Act and the total income of which exceeds rupees five lakhs, shall not exceed the aggregate of—

(a) the super-tax which would have been payable by the company if its total income had been rupees five lakhs (the income of rupees five lakhs for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) fifty-five per cent. of the amount by which its total income exceeds rupees five lakhs.

*Explanation 1.*—For the purposes of this Paragraph, a company shall be deemed to be mainly engaged in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, if the income attributable to any of the aforesaid activities included in its total income for the previous year is not less than fifty-one per cent. of such total income.

*Explanation 2.*—For the purposes of this Paragraph, where a part of the income of a company is not included in its total income because it is agricultural income, the amount declared or distributed as dividends (other than dividends on preference shares), the amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each be deemed to be such proportion thereof as the sum specified in clause (a) bears to the sum specified in clause (b), such sums being—

(a) the average amount of the total income of the company in the five previous years in which it has been in receipt of taxable income immediately preceding the relevant previous year; and

(b) the average amount of the total profits and gains (excluding capital receipts) of the company for the five previous years

referred to in clause (a) reduced by such allowances as may be admissible under the Income-tax Act but which have not been taken into account by the company in its profits and loss accounts for the said five previous years.

*Explanation 3.* — For the removal of doubts it is hereby declared that where any dividends were declared by the company before the commencement of the previous year and are distributed by it during that year, no reduction in the rebate shall be made under sub-clause (c) of clause (i) of the second proviso in respect of such dividends.

Paragraph E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, —

31 of 1956.

Rate of super-tax

On the whole of its profits and gains from life insurance business ..... 22.5%.

PART III

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sub-section (2) of section 192 and sections 193 to 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction, at the following rates: —

	Income-tax		Super-tax	
	Rate of income-tax	Rate of sur-charge	Rate of super-tax	Rate of sur-charge
I. In the case of a person other than a company—				
(a) where the person is resident —				
on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free, and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government);	18%	2%	Nil	Nil;
(b) where the person is not resident in India —				
(i) on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free, and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government);	25%	4.37%	Super-tax and sur-charge on super-tax in accordance with the provisions of clause (b) of sub-section (1) of section 113 of the Income-tax Act.	

	Income-tax		Super-tax	
	Rate of income-tax	Rate of sur-charge	Rate of super-tax	Rate of sur-charge
(ii) on the income from interest payable on any security of the Central Government issued or declared to be income-tax free, and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government.	Nil	Nil	Super-tax and sur-charge on super-tax in accordance with the provisions of clause (b) of sub-section (I) of section 113 of the Income-tax Act.	
			Rate of income-tax	Rate of super-tax

2. In the case of a company —

- (a) where the company is either an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India, —

on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free, and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government); .....

20%

- (b) where the company is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India, —

(i) on the income from dividends payable by an Indian company which is not such a company as is referred to in section 108 of the Income-tax Act and which is wholly or mainly engaged in the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in Part IV of this Schedule; .....

15%

Nil

(ii) on the income from dividends payable by any other Indian company or any company which has made the prescribed arrangements for the declaration and payment of dividends within India; .....

25%

Nil

(iii) on the income from royalties payable by an Indian concern in pursuance of an agreement which is made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government; .....

25%

25%

(iv) on the income from fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964 and which has been approved by the Central Government; .....

25%

25%

(v) on the income from interest payable on any security of the Central Government issued or declared to be income-tax free and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government; and .....

Nil

40%

(vi) on any other income .....

25%

40%

PART IV

List of articles

- (1) Iron and steel (metal), ferro-alloys and special steels.
- (2) Aluminium, copper, lead and zinc (Metals).

(3) Coal, lignite, iron ore, bauxite, manganese ore, dolomite, magnesite and mineral oil.

(4) Industrial machinery specified under the heading "8. Industrial Machinery", sub-heading "A. Major items of specialised equipment used in specific industries", of the First Schedule to the Industries (Development and Regulation) Act, 1951.

65 of 1951.

(5) Boilers and steam generating plants, steam engines and turbines and internal combustion engines.

(6) Equipment for the generation and transmission of electricity including transformers, cables and transmission towers.

(7) Machine tools, precision tools, dies and jigs.

(8) Tractors and earth-moving machinery.

(9) Steel castings and forgings.

(10) Cement and refractories.

(11) Fertilisers, namely, ammonium sulphate, ammonium sulphate nitrate (double salt), ammonium nitrate (nitrolime stone), ammonium chloride, super phosphate, urea and complex fertilisers of synthetic origin containing both nitrogen and phosphorus, such as ammonium phosphates, ammonium sulphate phosphate and ammonium nitro phosphate.

(12) Paper and pulp.

(13) Tea.

(14) Electronic equipment, namely, radar equipment, computers, electronic accounting and business machines, electronic communication equipment, electronic control instruments and basic components, such as valves, transistors, resistors, condensers, coils, magnetic materials and micro wave components.

(15) Petrochemicals including corresponding products manufactured from other basic raw materials like calcium carbide, ethyl alcohol or hydrocarbons from other sources.

(16) Component parts of the articles mentioned in items Nos. (4), (5), (6) and (8), that is to say, such parts as are essential for the working of the machinery referred to in items aforesaid and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose and are in complete finished form and ready for fitment.

## THE SECOND SCHEDULE

(See section 3)

### *Rates of Annuity Deposits*

(i) In the case of any depositor whose total income does not exceed Rs. 15000 ..... Nil

(ii) In the case of any depositor whose total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 —

5 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed half the amount by which the total income exceeds Rs. 15,000.

(iii) In the case of a depositor whose total income exceeds Rs. 20,000 but does not exceed Rs. 40,000 —

7½ per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely: —

(a) an amount calculated at five per cent. on so much of the adjusted total income as does not exceed Rs. 20,000;

(b) one-half of the amount by which the total income exceeds Rs. 20,000.

(iv) In case of a depositor whose total income exceeds Rs. 40,000 but does not exceed Rs. 70,000 —

10 per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely: —

(a) an amount calculated at seven and a half per cent. on so much of the adjusted total income as does not exceed Rs. 40,000;

(b) one-half of the amount by which the total income exceeds Rs. 40,000.

(v) In the case of a depositor whose total income exceeds Rs. 70,000—

12½ per cent. of the adjusted total income:

Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely: —

(a) an amount calculated at ten per cent. on so much of the adjusted total income as does not exceed Rs. 70,000;

(b) one-half of the amount by which the total income exceeds Rs. 70,000.

*Explanation.* — In this Schedule, "total income" means total income computed in the manner laid down in the Income-tax Act without making any allowance under section 2800 of that Act.

### THE THIRD SCHEDULE

(See section 56)

#### PART I

In the First Schedule to the Tariff Act, —

(i) in Item No. 28(34), —

(1) for the entry in the fourth column against sub-item (a), the entry "70 per cent. *ad valorem*" shall be substituted;

(2) for the entry in the fourth column against sub-item (b), the entry "80 per cent. *ad valorem*" shall be substituted; and

(ii) in Item No. 63(32), —

(1) for the entry in the fourth column against sub-item (a), the entry "Rs. 50.00 per tonne *plus* 25 per cent. *ad valorem*" shall be substituted.

(2) for the entry in the fourth column against sub-item (b), the entry "Rs. 84.00 per tonne *plus* 25 per cent. *ad valorem*" shall be substituted.

#### PART II

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of		Duration of protective rates of duty
				The United Kingdom	A. British Colony	
1	2	3	4	5	6	7

In the First Schedule to the Tariff Act, for Item No. 8(2), the following Item shall be substituted, namely: —

"8(2) Fruits, dried (salted and all other kinds) not otherwise specified —

(A) Almonds —

(a) without shell .....	Preferential Revenue.	Rs. 430-00 per quintal.	..	Rs. 430-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
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(b) in the shell —

(i) soft shell .....	Preferential Revenue.	Rs. 250-00 per quintal.	..	Rs. 250-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
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1	2	3	4	5	6	7
	(ii) hard shell .....	Preferential Revenue.	Rs. 140-00 per quintal.	..	Rs. 140-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
(B)	Dates, dry, excluding seedless —					
	(a) Shekra or Shakeria, Sakina and Brami .....	Preferential Revenue.	Rs. 75-00 per quintal.	..	Rs. 75-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
	(b) Kapkapa, Chharra, Chupchap, Sarki, Sori, Omani and Bhatni	Preferential Revenue.	Rs. 50-00 per quintal.	..	Rs. 50-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
	(c) All other qualities	Preferential Revenue.	Rs. 35-00 per quintal.	..	Rs. 35-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
(C)	Dates, wet, excluding seedless, in bags, baskets, gunny cloth or matting bundles	Preferential Revenue.	Rs. 15-00 per quintal.	..	Rs. 15-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
(D)	Pistachio nuts —					
	(a) with shell .....	Preferential Revenue.	Rs. 200-00 per quintal.	..	Rs. 200-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
	(b) without shell .....	Preferential Revenue.	Rs. 500-00 per quintal.	..	Rs. 500-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
(E)	Raisins —					
	(a) Red, including Gul-dani and Lalmewa, in all packings and containers	Preferential Revenue.	Rs. 100-00 per quintal.	..	Rs. 100-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
	(b) Black, including black Monacca, in all packings and containers	Preferential Revenue.	Rs. 130-00 per quintal.	..	Rs. 130-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
	(c) All other sorts, including Monacca and Abjosh, in all packings and containers	Preferential Revenue.	Rs. 200-00 per quintal.	..	Rs. 200-00 per quintal less 10 per cent. <i>ad valorem</i> .	..
(F)	Other sorts .....	Preferential Revenue.	60 per cent. <i>ad valorem</i> .	..	50 per cent. <i>ad valorem</i> .	..

### THE COMPANIES (PROFITS) SURTAX ACT, 1964

AN

ACT

*to impose a special tax on the profits of certain companies.*

BE it enacted by Parliament in the Fifteenth Year of the Republic of India as follows:—

1. (1) This Act may be called the Companies (Profits) Surtax Act, 1964. Short title and extent.

(2) It extends to the whole of India.

## Definitions.

2. In this Act, unless the context otherwise requires,—

(1) "assessee" means a person by whom surtax or any other sum of money is payable under this Act and includes every person in respect of whom any proceeding under this Act has been taken for the assessment of his chargeable profits or of the amount of refund due to him or of the chargeable profits of any other person in respect of which he is assessable or of the amount of refund due to such other person;

(2) "assessment" includes re-assessment;

(3) "assessment year" means the period of twelve months commencing on the 1st day of April, every year;

(4) "Board" means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963;

54 of 1963.

(5) "chargeable profits" means the total income of an assessee computed under the Income-tax Act, 1961 for any previous year or years, as the case may be, and adjusted in accordance with the provisions of the First Schedule;

43 of 1961.

(6) "Income-tax Act" means the Income-tax Act, 1961;

43 of 1961.

(7) "prescribed" means prescribed by rules made under this Act;

(8) "statutory deduction" means an amount equal to ten per cent. of the capital of the company as computed in accordance with the provisions of the Second Schedule, or an amount of two hundred thousand rupees, whichever is greater:

Provided that where the previous year is longer or shorter than a period of twelve months, the aforesaid amount of ten per cent, or, as the case may be, of two hundred thousand rupees shall be increased or decreased proportionately:

Provided further that where a company has different previous year in respect of its income, profits and gains, the aforesaid increase or decrease, as the case may be, shall be calculated with reference to the length of the previous year of the longest duration; and

(9) all other words and expressions used herein but not defined and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

## Tax authorities.

3. (1) Every Director of Inspection, Commissioner of Income-tax, Appellate Assistant Commissioner of Income-tax, Inspecting Assistant Commissioner of Income-tax and Income-tax Officer shall have the like powers and perform the like functions, under this Act as he has and performs under the Income-tax Act, and for the exercise of his powers and the performance of his functions, his jurisdiction under this Act will be the same as that he has under the Income-tax Act.

(2) All officers and persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Board:

Provided that no such orders, instructions or directions shall be given so as to interfere with the discretion of the Appellate Assistant Commissioner in the exercise of his appellate functions.

(3) Every Income-tax Officer, employed in the execution of this Act, shall observe and follow the orders, instructions and directions issued for his guidance by the Director of Inspection or by the Commissioner or by the Inspecting Assistant Commissioner under whose jurisdiction he performs his functions.

## Charge of tax.

4. Subject to the provisions contained in this Act, there shall be charged on every company for every assessment year commencing on and from the first day of April, 1964, a tax (in this Act referred to as the surtax, in respect of so much of its chargeable profits of the previous year or previous years, as the case may be, as exceed the statutory deduction, at the rate or rates specified in the Third Schedule.

## Return of chargeable profits.

5. (1) In the case of every company whose chargeable profits assessable under this Act exceeded during the previous year the amount of statutory deduction, its principal officer, or where in the case of a non-



-resident company any person has been treated as its agent under section 163 of the Income-tax Act, such person, shall furnish a return of the chargeable profits of the company during the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed, before the 30th day of September of the assessment year:

Provided that on an application made in this behalf, the Income-tax Officer, may, in his discretion, extend the date for the furnishing of the return.

(2) In the case of any company which in the Income-tax Officer's opinion is assessable under this Act, the Income-tax Officer may, before the end of the relevant assessment year, serve a notice upon its principal officer, or where in the case of a non-resident company any person has been treated as its agent under section 163 of the Income-tax Act, upon such person, requiring him to furnish within thirty days from the date of service of the notice a return of the chargeable profits of the company during the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed:

Provided that on an application made in this behalf, the Income-tax Officer may, in his discretion, extend the date for the furnishing of the return.

(3) Any assessee who has not furnished a return during the time allowed under sub-section (1) or sub-section (2), or having furnished a return under sub-section (1) or sub-section (2) discovers any omission or wrong statement therein, may furnish a return or a revised return, as the case may be, at any time before the assessment is made.

6. (1) For the purposes of making an assessment under this Act, the Income-tax Officer may serve on any person who has furnished a return under sub-section (1) of section 5 or upon whom a notice has been served under sub-section (2) of section 5 (whether a return has been furnished or not) a notice requiring him on a date therein to be specified, to produce or cause to be produced such accounts or documents or evidence as the Income-tax Officer may require for the purposes of this Act and may from time to time serve further notices requiring the production of such further accounts or documents or other evidence as he may require.

Assessment.

(2) The Income-tax Officer after considering such accounts, documents or evidence, if any, as he has obtained under sub-section (1) and after taking into account any relevant material which he has gathered, shall, by an order in writing, assess the chargeable profits and the amount of the surtax payable on the basis of such assessment.

7. (1) The Income-tax Officer, before proceeding to make an assessment under section 6 (in this section referred to as the regular assessment) may, at any time after the expiry of the period allowed under sub-section (1) or sub-section (2) of section 5 for the furnishing of the return and whether the return has or has not been furnished, proceed to make in a summary manner a provisional assessment of the chargeable profits and the amount of the surtax payable thereon.

Provisional assessment.

(2) Before making such provisional assessment, the Income-tax Officer shall give notice in the prescribed form to the person on whom the provisional assessment is to be made of his intention to do so, and shall with the notice forward a statement of the amount of the proposed assessment, and the said person shall be entitled to deliver to the Income-tax Officer at any time within fourteen days of the service of the said notice a statement of his objections, if any, to the amount of the proposed assessment.

(3) On expiry of the said fourteen days from the date of service of the notice referred to in sub-section (2), or earlier, if the assessee agrees to the proposed provisional assessment, the Income-tax Officer may, after taking into account the objections, if any, made under sub-section (2), make a provisional assessment, and shall furnish a copy of the order of the assessment to the assessee:

Provided that assent to the amount of the provisional assessment, or failure to make objection to it, shall in no way prejudice the assessee in relation to the regular assessment.

(4) There shall be no right of appeal against a provisional assessment made under this section.

(5) After a regular assessment has been made, any amount paid or deemed to have been paid towards the provisional assessment made under this section shall be deemed to have been paid towards the regular assessment; and where the amount paid or deemed to have been paid towards the provisional assessment exceeds the amount payable under the regular assessment, the excess shall be refunded to the assessee.

Profits escap-  
ing assessment.

8. If —

(a) the Income-tax Officer has reason to believe that by reason of the omission or failure on the part of the assessee to make a return under section 5 for any assessment year or to disclose fully and truly all material facts necessary for his assessment for any assessment year, chargeable profits for that year have escaped assessment or have been under-assessed or assessed at too low a rate or have been made the subject of excessive relief under this Act, or

(b) notwithstanding that there has been no omission or failure as mentioned in clause (a) on the part of the assessee, the Income-tax Officer has in consequence of information in his possession reason to believe that chargeable profits assessable for any assessment year have escaped assessment or have been under-assessed or assessed at too low a rate or have been the subject of excessive relief under this Act,

he may, in cases falling under clause (a) at any time, and in cases falling under clause (b) at any time within four years of the end of that assessment year, serve on the assessee a notice containing all or any of the requirements which may be included in a notice under section 5, and may proceed to assess or re-assess the amount chargeable to surtax, and the provisions of this Act shall, so far as may be, apply as if the notice were a notice issued under that section.

Penalties.

9. If the Income-tax Officer, in the course of any proceedings under this Act, is satisfied that any person has, without reasonable cause, failed to furnish the return required under section 5, or to produce or cause to be produced the accounts, documents or other evidence required by the Income-tax Officer under sub-section (1) of section 6, or has concealed the particulars of the chargeable profits or has furnished inaccurate particulars of such profits, he may direct that such person shall pay, by way of penalty, in addition to the amount of surtax payable, a sum not exceeding —

(a) where the person has failed to furnish the return required under section 5, the amount of surtax payable;

(b) in any other case, the amount of surtax which would have been avoided if the return made had been accepted as correct:

Provided that the Income-tax Officer shall not impose any penalty under this section without the previous authority of the Inspecting Assistant Commissioner.

Opportunity  
of being heard.

10. No order imposing a penalty under section 9 shall be made unless the assessee has been given a reasonable opportunity of being heard.

Appeals to the  
Appellate Assis-  
tant Commis-  
sioner.

11. (1) Any person objecting to the amount of surtax for which he is liable as assessed by the Income-tax Officer or denying his liability to be assessed under this Act, or objecting to any penalty or fine imposed by the Income-tax Officer, or to the amount allowed by the Income-tax Officer by way of any relief under any provisions of this Act, or to any refusal by the Income-tax Officer to grant relief or to an order of rectification or amendment having the effect of enhancing the assessment or reducing the refund, or to an order refusing to allow the claim made by the assessee for a rectification under section 13 or amendment under section 14 may appeal to the Appellate Assistant Commissioner.

(2) Every appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(3) An appeal shall be presented within thirty days of the following date, that is to say —

(a) where the appeal relates to assessment or penalty or fine, the date of service of the notice of demand relating to the assessment or penalty or fine, or

(b) in any other case, the date on which the intimation of the order sought to be appealed against is served:

Provided that the Appellate Assistant Commissioner may admit an appeal after the expiration of the said period if he is satisfied that the appellant had sufficient cause for not presenting it within that period.

(4) The Appellate Assistant Commissioner shall hear and determine the appeal and, subject to the provisions of this Act, pass such orders as he thinks fit and such orders may include an order enhancing the assessment or penalty:

Provided that an order enhancing the assessment or penalty shall not be made unless the person affected thereby has been given a reasonable opportunity of showing cause against such enhancement.

(5) The procedure to be adopted in the hearing and determination of the appeals shall, with any necessary modification, be in accordance with the procedure applicable in relation to income-tax.

12. (1) Any assessee aggrieved by an order passed by a Commissioner under section 16, or an order passed by an Appellate Assistant Commissioner under any provision of this Act, may appeal to the Appellate Tribunal against such order. Appeals to Appellate Tribunal.

(2) The Commissioner may, if he objects to any order passed by the Appellate Assistant Commissioner under any provision of this Act, direct the Income-tax Officer to appeal to the Appellate Tribunal against the order.

(3) Every appeal under sub-section (1) or sub-section (2) shall be filed within sixty days of the date on which the order sought to be appealed against is communicated to the assessee or to the Commissioner, as the case may be.

(4) The Income-tax Officer or the assessee, as the case may be, on receipt of notice that an appeal against the order of the Appellate Assistant Commissioner has been preferred under sub-section (1) or sub-section (2) by the other party may, notwithstanding that he may not have appealed against such order or any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the prescribed manner, against any part of the order of the Appellate Assistant Commissioner, and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (3).

(5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-section (3) or sub-section (4), if it is satisfied that there was sufficient cause for not presenting it within that period.

(6) An appeal to the Appellate Tribunal shall be in the prescribed form and shall be verified in the prescribed manner and, shall, except in the case of an appeal referred to in sub-section (2) or a memorandum of cross-objections referred to in sub-section (4), be accompanied by a fee of one hundred rupees.

(7) Subject to the provisions of this Act, in hearing and making an order on any appeal under this section, the Appellate Tribunal shall exercise the same power and follow the same procedure as it exercises and follows in hearing and making an order on any appeal under the Income-tax Act.

13. (1) With a view to rectifying any mistake apparent from the record, the Commissioner, the Income-tax Officer, the Appellate Assistant Commissioner and the Appellate Tribunal may, of his, or its, own motion or on an application by the assessee in this behalf, amend any order passed by him or it in any proceeding under this Act within four years of the date on which such order was passed. Rectification of mistakes.

(2) An amendment which has the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the assessee shall not be made under this section unless the authority concerned has given notice to the assessee of its intention so to do and has allowed the assessee a reasonable opportunity of being heard.

(3) Where an amendment is made under this section, the order shall be passed in writing by the authority concerned.

(4) Subject to the other provisions of this Act, where any such amendment has the effect of reducing the assessment, the Income-tax Officer shall make any refund which may be due to such assessee.

(5) Where any such amendment has the effect of enhancing the assessment or reducing the refund already made, the Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable.

Other amend-  
ments.

14. Where as a result of any order made under section 154 or section 155 of the Income-tax Act, it is necessary to recompute the chargeable profits determined in any assessment under this Act, the Income-tax Officer may proceed to recompute the chargeable profits, and determine the surtax payable or refundable on the basis of such recomputation and make the necessary amendment and the provisions of section 13 shall, so far as may be, apply thereto, the period of four years specified in sub-section (1) of that section being reckoned from the date of the order passed under the aforesaid sections of the Income-tax Act.

Surtax deduc-  
tible in comput-  
ing distributable  
income under  
Income-tax Act.

15. Notwithstanding anything contained in clause (i) of section 109 of the Income-tax Act, in computing the distributable income of a company for the purpose of Chapter XI-D of that Act, the surtax payable by the company for any assessment year shall be deductible from the total income of the company assessable for that assessment year.

Revision of  
orders prejudi-  
cial to revenue.

16. (1) The Commissioner may call for and examine the record of any proceeding under this Act, and if he considers that any order passed therein by the Income-tax Officer is erroneous in so far as it is prejudicial to the interests of the revenue, he may, after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment, or cancelling the assessment and directing a fresh assessment.

(2) No order shall be made under sub-section (1) —

(a) to revise an order of re-assessment made under section 8.

or

(b) after the expiry of two years from the date of the order sought to be revised.

(3) Notwithstanding anything contained in sub-section (2), an order in revision under this section may be passed at any time in the case of an order which has been passed in consequence of, or to give effect to, any finding or direction contained in an order of the Appellate Tribunal, the High Court or the Supreme Court.

*Explanation.* — In computing the period of limitation for the purposes of sub-section (2), any period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded.

Revision of  
orders by Com-  
missioner.

17. (1) The Commissioner may, either of his own motion or on an application by the assessee for revision, call for the record of any proceeding under this Act which has been taken by an Income-tax Officer or Appellate Assistant Commissioner subordinate to him and may make such inquiry or cause such inquiry to be made and, subject to the provisions of this Act, may pass such order thereon, not being an order prejudicial to the assessee, as he thinks fit.

(2) The Commissioner shall not of his own motion revise any order under this section if the order has been made more than one year previously.

(3) In the case of an application for revision under this section by the assessee, the application shall be made within one year from the date on which the order in question was communicated to him or the date on which he otherwise came to know of it, whichever is earlier:

Provided that the Commissioner may, if he is satisfied that the assessee was prevented by sufficient cause from making the application within that period, admit an application made after the expiry of that period.

(4) The Commissioner shall not revise any order under this section in the following cases —

(a) where an appeal against the order lies to the Appellate Assistant Commissioner or to the Appellate Tribunal but has not been made and

the time within which such appeal may be made has not expired, or, in the case of an appeal to the Appellate Tribunal, the assessee has not waived his right of appeal; or

(b) where the order is pending on an appeal before the Appellate Assistant Commissioner; or

(c) where the order has been made the subject of an appeal to the Appellate Tribunal.

(5) Every application by an assessee for revision under this section shall be accompanied by a fee of twenty-five rupees.

*Explanation 1.* — An order by the Commissioner declining to interfere shall, for the purposes of this section, be deemed not to be an order prejudicial to the assessee.

*Explanation 2.* — For the purposes of this section, the Appellate Assistant Commissioner shall be deemed to be an authority subordinate to the Commissioner.

18. The provisions of the following sections and Schedules of the Income-tax Act and the Income-tax (Certificate Proceedings) Rules, 1962, as in force from time to time, shall apply with such modifications, if any, as may be prescribed, as if the said provisions and the rules referred to surtax instead of to income-tax and super-tax: —

Application of provisions of Income-tax Act.

2(44), 131 to 136 (both inclusive), 138, 140, 156, 160, 161, 162, 163, 166, 167, 170, 173, 175, 176, 178, 179, 220 to 229 (both inclusive), 231, 232, 233, 237 to 242 (both inclusive), 244, 245, 254 to 262 (both inclusive), 265, 266, 268, 269, 281, 282, 284, 287 to 293 (both inclusive), the Second Schedule and the Third Schedule:

Provided that references in the said provisions and the rules to the "assessee" shall be construed as references to an assessee as defined in this Act.

19. (1) Notwithstanding anything contained in the Income-tax Act, all information contained in any statement or return made or furnished under the provisions of that Act or obtained or collected for the purposes of that Act may be used for the purposes of this Act.

Income-tax papers to be available for the purposes of this Act.

(2) All information contained in any statement or return made or furnished under the provisions of this Act or obtained or collected for the purposes of this Act may be used for the purposes of the Income-tax Act.

20. If any person fails without reasonable cause to furnish in due time any return under sub-section (2) of section 5, or to produce, or cause to be produced, any accounts or documents required to be produced under section 6, he shall be punishable with fine which may extend to five hundred rupees, and with a further fine which may extend to ten rupees for every day during which the default continues.

Failure to deliver returns, etc.

21. If a person makes in any return furnished under section 5, any statement which is false, and which he either knows or believes to be false, or does not believe to be true he shall be punishable with simple imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

False statements.

22. If a person makes or induces in any manner another person to make and deliver any account, statement or declaration relating to chargeable profits liable to surtax which is false and which he either knows to be false or does not believe to be true, he shall be punishable with simple imprisonment which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

Abetment of false returns, etc.

45 of 1860.

23. (1) A person shall not be proceeded against for an offence under section 20 or section 21 or section 22 or under the Indian Penal Code except at the instance of the Commissioner.

Institution of proceedings and composition of offences.

(2) The Commissioner may, either before or after the institution of proceedings, compound any offence punishable under section 20 or section 21 or section 22.

Power to make exemption, etc., in relation to certain Union territories.

24. If the Central Government considers it necessary or expedient so to do for avoiding any hardship or anomaly or removing any difficulty that may arise as a result of the application of this Act to the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu and Pondicherry, the Central Government may, by general or special order, make an exemption, reduction in rate or other modification in respect of surtax in favour of any class of assesseees or in regard to the whole or any part of the chargeable profits of any class of assesseees.

Power to make rules.

25. (1) The Board may, subject to the control of the Central Government, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

- (a) the form in which returns under section 5 may be furnished and the manner in which they may be verified;
- (b) the form in which notice for making provisional assessment shall be given;
- (c) the form in which appeals under section 11 or section 12 may be filed and the manner in which they shall be verified;
- (d) the procedure to be followed on applications for rectification of mistakes and applications for refunds;
- (e) any other matter which by this Act is to be, or may be, prescribed.

(3) The Central Government shall cause every rule made under this section to be laid as soon as may be after it is made before each House of Parliament while it is in session for a total period of thirty days, which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, that rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Saving.

26. Nothing contained in this Act shall apply to any company which has no share capital.

#### THE FIRST SCHEDULE

[See section 2(5)]

#### Rules for computing the chargeable profits

In computing the chargeable profits of a previous year, the total income computed for that year under the Income-tax Act shall be adjusted as follows:—

1. Income, profits and gains and other sums falling within the following clauses shall be excluded from such total income, namely:—

- (i) any income chargeable under the Income-tax Act under the head «Capital gains»;
- (ii) any compensation or other payment as is referred to in clause (ii) of section 28 of the Income-tax Act;
- (iii) profits and gains of any business of life insurance;
- (iv) any income referred to in sub-section (2) of section 41 of the Income-tax Act;
- (v) the amount of profits and gains derived from an industrial undertaking or hotel, on which under section 84 of the Income-tax Act income-tax is not payable;
- (vi) income chargeable under the Income-tax Act under the head «Interest on securities» derived from any security of the Central Government issued or declared to be income-tax free or from any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;
- (vii) any sum in respect of which a deduction of income-tax is allowed under the provisions of section 88 of the Income-tax Act;
- (viii) income by way of dividends from an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends within India;
- (ix) income by way of royalties received from Government or a local authority or any Indian concern;
- (x) in the case of a non-resident company which has not made the prescribed arrangements for the declaration and payment of dividends within India, its income by way of any interest or fees for rendering technical

services received from Government or a local authority or any Indian concern;

(xi) in the case of a banking company —

(a) any sum which during the previous year is transferred by it to a reserve fund under sub-section (1) of section 17 of the Banking Companies Act, 1949 or is deposited by it with the Reserve Bank of India under sub-clause (ii) of clause (b) of sub-section (2) of section 11 of that Act, not exceeding the amount required under the aforesaid provisions to be so transferred or deposited, as the case may be, or

(b) any sum transferred by it during the previous year to any reserves in India including reserves not shown as such in its published balance-sheet in so far as the sums transferred to such reserves are attributable to income chargeable to tax under the Income-tax Act and have not been allowed as a deduction in computing its total income under that Act and in so far as the aggregate of such sums does not exceed the highest of the aggregate of such sums, if any, so transferred during any of the three years prior to the previous year,

whichever is higher;

(xii) the amount of any deduction from the income-tax and super-tax chargeable on the total income allowed under the annual Finance Act in connection with export of any goods or merchandise out of India or the sale by a manufacturer of any articles to any person who exports them out of India.

2. The balance of the total income arrived at after making the exclusions mentioned in rule 1 shall be reduced by —

(i) the amount of income-tax and super-tax payable by the company in respect of its total income under the provisions of the Income-tax Act after making allowance for any relief, rebate or deduction in respect of income-tax and super-tax to which the company may be entitled under the provisions of the said Act or the annual Finance Act, and after excluding from such amount —

(a) the amount of income-tax and super-tax, if any, payable by the company in respect of any income referred to in clause (i) or clause (ii) or clause (iii) or clause (viii) of rule 1 included in the total income;

(b) an amount equal to the amount by which the rebate of super-tax admissible to the company under the provisions of the annual Finance Act is, under the provisions of the said Act, reduced with reference to any amount of dividends distributed by the company during the previous year relevant to the assessment year;

(ii) in the case of a company which has been charged to tax in a country outside India on any portion of its income, profits and gains included in its total income as computed under the Income-tax Act, the tax actually paid in respect of such income, profits and gains in the said country in accordance with the laws in force in that country after allowance of every relief due under the said laws;

Provided that the aforesaid reduction shall not be allowed unless the assessee produces evidence of the fact of the payment of the aforesaid tax in that country.

3. The net amount of income calculated in accordance with rule 2 shall be increased by the aggregate of —

(i) the amount of any interest payable by the company in respect of its debentures or moneys referred to in clause (v) of rule 1 of the Second Schedule for the previous year relevant to the assessment year allowed as a deduction in computing its total income;

(ii) any expenditure incurred on account of commission, entertainment and advertisement, to the extent such expenditure, in the opinion of the Income-tax Officer, is excessive having regard to the circumstances of the case;

Provided that the previous authority of the Inspecting Assistant Commissioner is obtained for holding such expenditure to be excessive.

## THE SECOND SCHEDULE

[See section 2(8)]

### Rules for computing the capital of a company for the purposes of surtax

1. Subject to the other provisions contained in this Schedule, the capital of a company shall be the aggregate of the amounts, as on the first day of the previous year relevant to the assessment year, of —

(i) its paid-up share capital;

(ii) its reserves, if any, created under the proviso (b) to clause (vib) of sub-section (2) of section 10 of the Indian Income-tax Act, 1922 or under sub-section (3) of section 34 of the Income-tax Act, 1961;

(iii) its other reserves as reduced by the amounts credited to such reserves as have been allowed as a deduction in computing the income of the company for the purposes of the Indian Income-tax Act, 1922 or the Income-tax Act, 1961;

10 of 1949.

11 of 1922  
43 of 1961.

11 of 1922  
43 of 1961.

(iv) its debentures, if any; and

(v) any moneys borrowed by it from Government or the Industrial Finance Corporation of India or the Industrial Credit and Investment Corporation of India or any other financial institution which the Central Government may notify in this behalf in the Official Gazette or any banking institution (not being a financial institution notified as aforesaid) or any person in a country outside India:

Provided that such moneys are borrowed for the creation of a capital asset in India and the agreement under which such moneys are borrowed provides for the repayment thereof during a period of not less than seven years.

*Explanation.*—For the several of doubts it is hereby declared that any amount standing to the credit of any account in the books of a company as on the first day of the previous year relevant to the assessment year which is of the nature of item (5) or item (6) or item (7) under the heading «RESERVES AND SURPLUS» or of any item under the heading «CURRENT LIABILITIES AND PROVISIONS» in the column relating to «LIABILITIES» in the «FORM OF BALANCE-SHEET» given in Part I of Schedule VI to the Companies Act, 1956 shall not be regarded as a reserve for the purposes of computation of the capital of a company under the provisions of this Schedule. 1 of 1956.

2. Where a company owns any assets the income from which in accordance with clause (iii) or clause (vi) or clause (viii) of rule 1 of the First Schedule is required to be excluded from its total income in computing its chargeable profits, the amount of its capital as computed under rule 1 of this Schedule shall be diminished by the cost to it of the said assets as on the first day of the previous year relevant to the assessment year in so far as such cost exceeds the aggregate of—

(i) any moneys borrowed [other than the debentures referred to in clause (iv) or moneys referred to in clause (v) of rule 1] and remaining outstanding as on the first day of the said previous year; and

(ii) the amount of any fund, any surplus and any such reserve as is not to be taken into account in computing the capital under rule 1.

*Explanation 1.*—A paid-up share capital or reserve brought into existence by creating or increasing (by revaluation or otherwise) any book asset is not capital for computing the capital of a company for the purposes of this Act.

*Explanation 2.*—Any premium received in cash by the company on the issue of its shares standing to the credit of the share premium account shall be regarded as forming part of its paid-up share capital.

*Explanation 3.*—Where a company has different previous years in respect of its income, profits and gains, the computation of capital under rules 1, 2 and 3 shall be made with reference to the previous year which commenced first.

3. Where after the first day of the previous year relevant to the assessment year the capital of a company as computed in accordance with the foregoing rules of this Schedule is increased by any amount during that previous year on account of increase of paid-up share capital or issue of debentures or borrowing of any moneys referred to in clause (v) of rule 1 or is reduced by any amount on account of reduction of paid-up share capital or redemption of any debentures or repayment of any such moneys, such capital shall be increased or reduced, as the case may be, by a sum which bears to that amount the same proportion as the number of days of the previous year during which the increase or the reduction remained effective bears to the total number of days in that previous year.

4. Where a part of the income, profits and gains of a company is not includible in its total income as computed under the Income-tax Act, its capital shall be the same ascertained in accordance with rules 1, 2 and 3, diminished by an amount which bears to that sum the same proportion as the amount of the aforesaid income, profits and gains bears to the total amount of its income, profits and gains.

### THE THIRD SCHEDULE

(See section 4)

#### Rates of surtax

1. On the amount by which the chargeable profits exceed the amount of the statutory deduction — 40 per cent.:

Provided that where the total income of an assessee, being an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India, includes any income, profits and gains attributable to the business of generation or distribution of electricity or of manufacture or production of any one or more of the articles specified in the list in paragraph 2, the assessee shall be entitled to a rebate equal to a sum of one-fifth of the amount which bears to the amount of the surtax payable by the assessee, the same proportion as the amount of the aforesaid inclusion bears to the amount of the total income of the assessee:

Provided further that if the Central Government, having regard to the stage of development of any industry and other relevant factors, considers it necessary or expedient so to do, it may, at any time by general or special order withdraw the benefit conferred by the preceding proviso in respect of the business of generation or distribution of electricity or of manufacture or production of any article specified in



the said list or extend such benefit to any other business and such order shall have effect for the purposes of assessment under this Act for any such assessment year (not being the assessment year commencing on the first day of April, 1964) as may be specified in the said order.

2. The list of articles referred to in paragraph 1 shall be as follows: —

- (1) Iron and steel (metal), ferro-alloys and special steels.
- (2) Aluminium, copper, lead and zinc (metals).
- (3) Coal, lignite, iron ore, bauxite, manganese ore, dolomite, magnesite and mineral oil.
- (4) Industrial machinery specified under the heading "8. Industrial Machinery", sub-heading "A. Major items of specialised equipment used in specific industries", of the First Schedule to the Industries (Development and Regulation) Act, 1951.
- (5) Boilers and steam generating plants, steam engines and turbines and internal combustion engines.
- (6) Equipment for the generation and transmission of electricity including transformers, cables and transmission towers.
- (7) Machine tools, precision tools, dies and jigs.
- (8) Tractors and earth-moving machinery.
- (9) Steel castings and forgings.
- (10) Cement and refractories.
- (11) Fertilisers, namely, ammonium sulphate, ammonium sulphate nitrate (double salt), ammonium nitrate (nitrolime stone), ammonium chloride, super phosphate, urea and complex fertilisers of synthetic origin containing both nitrogen and phosphorus, such as ammonium phosphates, ammonium sulphate phosphate and ammonium nitro phosphate.
- (12) Paper and pulp.
- (13) Tea.
- (14) Electronic equipment, namely, radar equipment, computers, electronic accounting and business machines, electronic communication equipment, electronic control instruments and basic components, such as valves, transistors, resistors, condensers, coils, magnetic materials and micro wave components.
- (15) Petrochemicals including corresponding products manufactured from other basic raw materials, namely, calcium carbide, ethyl alcohol or hydrocarbons from other sources.
- (16) Component parts of the articles mentioned in items Nos. (4), (5), (6) and (8), that is to say, such parts as are essential for the working of the machinery referred to in items aforesaid and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose and are in complete finished form and ready for fitment.